DESTINI

ANNUAL REPORT 2019

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ABOUT THIS REPORT

Destini Berhad embarked on a journey to adopt the Integrated Reporting Framework as outlined by the International Integrated Reporting Council in 2018. The Group is currently in the second year of its integrated reporting journey which is aimed to produce a full-fledged Integrated Report over time.

There are three parts to Destini's Annual Report which includes a **Corporate Report** whereby a comprehensive overview of the Group's performance in 2019 is illustrated and an outlook for the future is provided; a **Financial Report** where the full set of the Groups audited financial statements are presented; as well as a **Sustainability Report** which is a commentary on the Group's sustainability practices and performance.

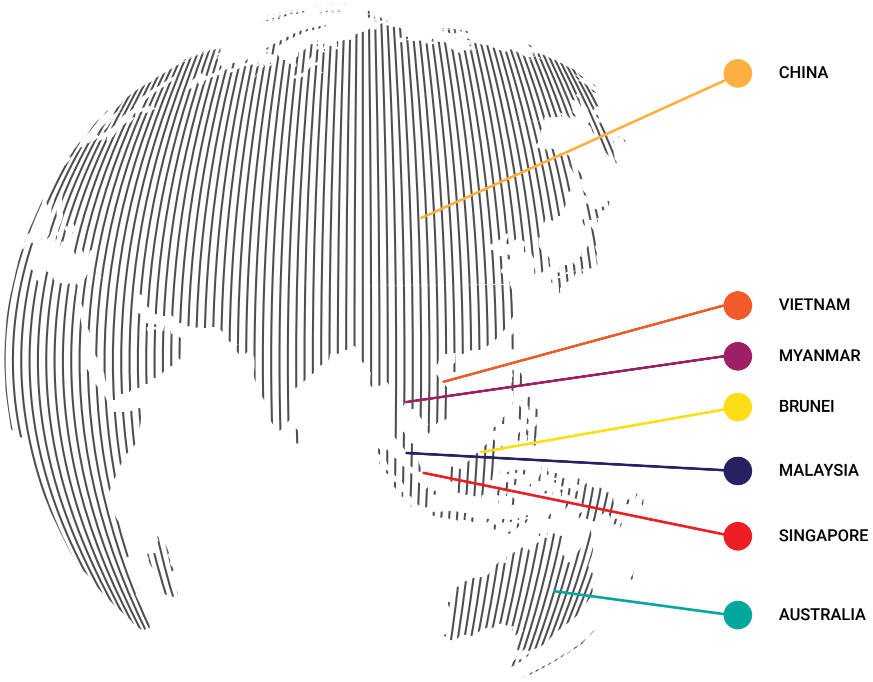
These compiled reports reflect Destini's commitment towards adhering to the best practices of corporate reporting which includes financial and non-financial data for year 2019 in a transparent manner for its shareholders and stakeholders.

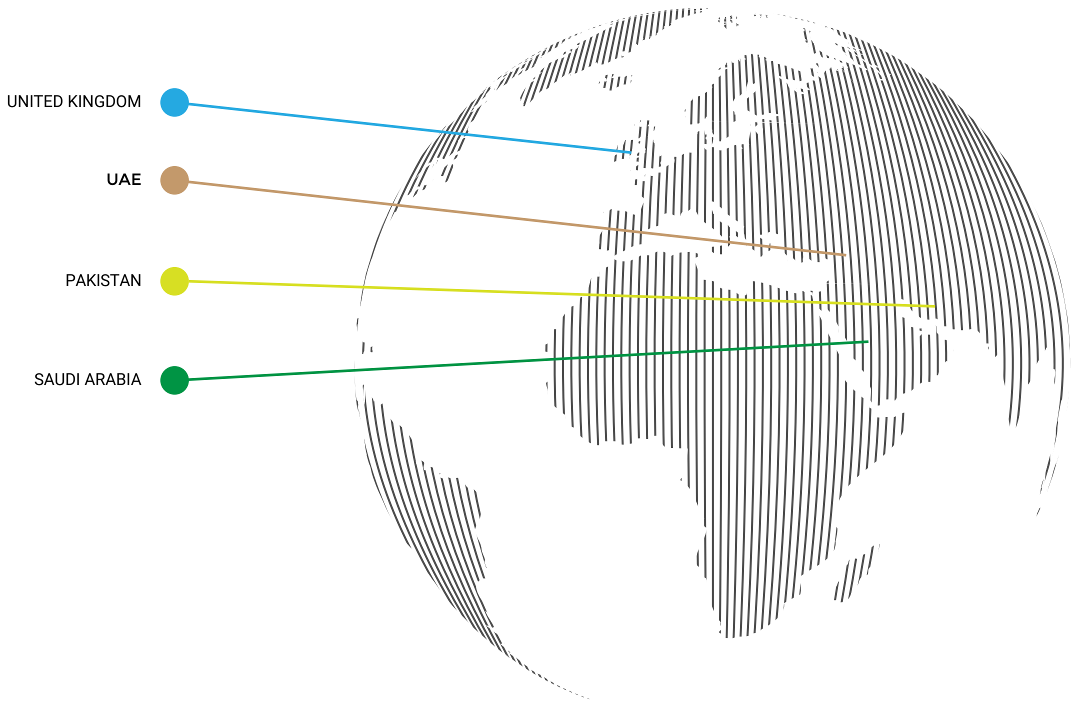
Through this report, shareholders and stakeholders will be able to keep abreast of the Group's key developments, achievements, challenges and future direction.

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.

DESTINI'S PRESENCE





OUR BUSINESS

Destini Berhad ("Destini" or "the Company") and its subsidiaries ("the Group") is an integrated engineering solutions provider with diverse interest in the aviation, 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.

AVIATION

Defence

- Supplies and provides safety and survival- related equipment maintenance, repair and overhaul ("MRO") for the Armed Forces and civil airline aircrafts, both fixed and rotary winged aircraft.
- Cylinder testing and calibration services.
- Aircraft search, rescue and salvage.

Commercial

- Technical Line Maintenance and Fixed-base Operation Services for commercial airlines.
- Ground Handling services for commercial airlines operating in Malaysian airports.
- Commercial airline safety and survival component MRO services.

MARINE

Manufacturing

- Builds paramilitary vessels up to 80 meters in length and 1,400 dead weight tonnes.
- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufactures proprietary Self-Propelled Hyperbaric Lifeboats used in deep sea diving operations.

Services

- Routine repair, re-fit and emergency repair or paramilitary and commercial vessels.
- 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 other marine assets.
- Fleet management, calibration and automation services to global shipping lines.

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.

LAND SYSTEMS

Defence

- Provides fabrication, supply and MRO services for defence and security vehicles.
- Offers System Integration services for defence and security vehicles.
- Supply of electronic equipment, surveillance and tracking systems, spare parts, components and accessories for defence and security vehicles.

Commercial

- Manufacture and supply motor trollies, wagon and road rail vehicles for the rail sector.
- Assembly, fabrication, refurbishment and MRO of rail system.

OIL & GAS

- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which includes a comprehensive tubular and drilling programme.
- Subsea well intervention, platform abandonment and field decommissioning services.
- Subsea pipeline inspection as well as maintenance and repair services.
- Supply of handling and drilling tools.

DESTINI'S CORPORATE DIARY

MARCH 1991
Satang Jaya Sdn Bhd ("Satang Jaya") commenced operations as an aviation tools and spare parts supplier.

MAY 1998
Satang Jaya was awarded the contract to provide MRO services for Royal Malaysian Airforce ("RMAF") safety and survival equipment under Ministry of Defence Malaysia's ("MinDef") RMAF Contractorisation Programme.

MARCH 2005
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.

MAY 2008
Satang Holdings triggered the prescribed criteria pursuant to Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities.

JULY 2009
Satang Holdings shares were suspended from trading by Bursa Securities on July 13.

SEPTEMBER 2011
As part of its regularization plan, Satang Holdings changed its name to Destini Berhad to reflect a synergized 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.

FEBRUARY 2012
Destini acquired a 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd ("SERT").

AUGUST 2012
The suspension of trading in Destini's shares was uplifted by Bursa Securities on August 13 after its regularization plan was approved.

DECEMBER 2012
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 host of other safety equipment for the marine and oil and gas industries.

MARCH 2013
Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd ("DOS") for RM80 million.

APRIL 2013
- Destini acquired the Techno Fibre Group to wholly-owned Techno Fibre Australia Pte Ltd, Techno Fibre Middle East Marine Services FZE, Technofibre International Sdn Bhd and Techno Fibre (S) Pte Ltd. The Techno Fibre Group is in the business of lifeboat and davit maintenance.

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

AUGUST 2013
The Group acquired its own building in Glenmarie Industrial Park, Shah Alam to house its corporate office and workshop facility.

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

APRIL 2015
Destini acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.

JUNE 2015
- Destini acquired an 80% stake in Safeair Technical Sdn Bhd ("SAT"), a company that provides Line Maintenance services for commercial airlines in local airports.
- Destini Aviation Sdn Bhd ("DASB") entered into a joint venture agreement with UK- based Avia Technique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd ("DAT"). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for commercial air craft components.

SEPTEMBER 2015
Destini acquired the remaining 49% stake it did not own in Vanguard, making the lifeboat maker a wholly-owned subsidiary of the Group.

DECEMBER 2015
The Group acquired Destini Shipbuilding & Engineering Sdn Bhd ("DSBE") to enable it to fabricate six 44.25-meter New Generation Patrol Craft ("NGPC") worth RM381.30 million for the Malaysian Maritime Enforcement Agency ("MMEA").

MARCH 2016
Vanguard receives contract to supply eight Self- Propelled Hyberbaric Lifeboats to UK- based JFD

APRIL 2016
Destini Prima Sdn Bhd ("DPSB") entered into a Memorandum of Understanding with Advanced Military Maintenance, Repair and Overhaul Centre ("AMMROC") L.L.C. to form a strategic alliance for the provision of MRO on aircraft escape systems.

JUNE 2016
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 2016
TF Corp Pte Ltd subscribed 60% shares in IMES Marine Safety Systems Limited, the company currently known as Destini Marine Safety Solutions Ltd. The company is principally in the business of inspection, testing, repair and maintenance of marine safety systems such as lifeboats and its components.

OCTOBER 2016
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 2016
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 2016
The Group secured a three- year contract extension to provide MRO services and to supply safety and survival related equipment to the RMAF for RM98.20 million.

JANUARY 2017
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 2017
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 by the MinDef for the Malaysian Armed Forces.

DESTINI'S CORPORATE DIARY

JUNE 2017

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

NOVEMBER 2017

- DOS and Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange, formed a joint venture to collectively bid for oil and gas projects in the South Asian 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 to the marine and oil and gas industry.

APRIL 2018

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

MAY 2018

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

JUNE 2018

- Destini incorporated a new wholly-owned Destini Empire Properties Sdn Bhd which is in the business of acquiring lands and property.

JULY 2018

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

AUGUST 2018

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

DECEMBER 2018

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

JANUARY 2019

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

MARCH 2019

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

APRIL 2019

- Destini Rail Sdn Bhd incorporated a wholly-owned subsidiary, DLP Rail Sdn Bhd as part of a plan to expand its future service offerings to include total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.

- DAT entered into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd, to supply, test, repair, and carry out overhaul activities on aircraft safety equipment. The agreement's tenure is three years with an option to extend for another two years.

MAY 2019

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

JULY 2019

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

OCTOBER 2019

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

DECEMBER 2019

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

CORPORATE INFORMATION

Board of Directors

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

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

Mohd Shihabuddin Bin Mukhtar
Non-Independent & Non-Executive Director

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

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

Abdul Rahman Bin Mohamed Rejab
Executive Director

Ismail Bin Mustaffa
Executive Director

Audit Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (Chairperson)
Dato' Che Sulaiman Bin Shapie

Nomination and Remuneration Committee

Tan Sri Dato' Sri Rodzali Bin Daud (Chairman)
Dato' Che Sulaiman Bin Shapie

Risk Management Committee

Tan Sri Dato' Sri Rodzali Bin Daud (Chairman)
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Abdul Rahman Bin Mohamed Rejab

Option Committee

Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Chairman)
Dato' Che Sulaiman Bin Shapie
Mohd Shihabuddin Bin Mukhtar

Company Secretaries

Tan Tong Lang
(MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee
(LS0009760/ SSM PC No. 201908002254)

Auditors

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

Principal Banker

AmBank Islamic Berhad
[199401009897 (295576-U)]

Malayan Banking Berhad
[196001000142 (3813-K)]

Export-Import Bank of Malaysia Berhad
[199501027992 (357198-K)]

Affin Hwang Investment Bank Berhad
[197301000792 (14389-U)]

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.
[198101010136 (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

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

Destini Share Information

Company name
Destini Berhad

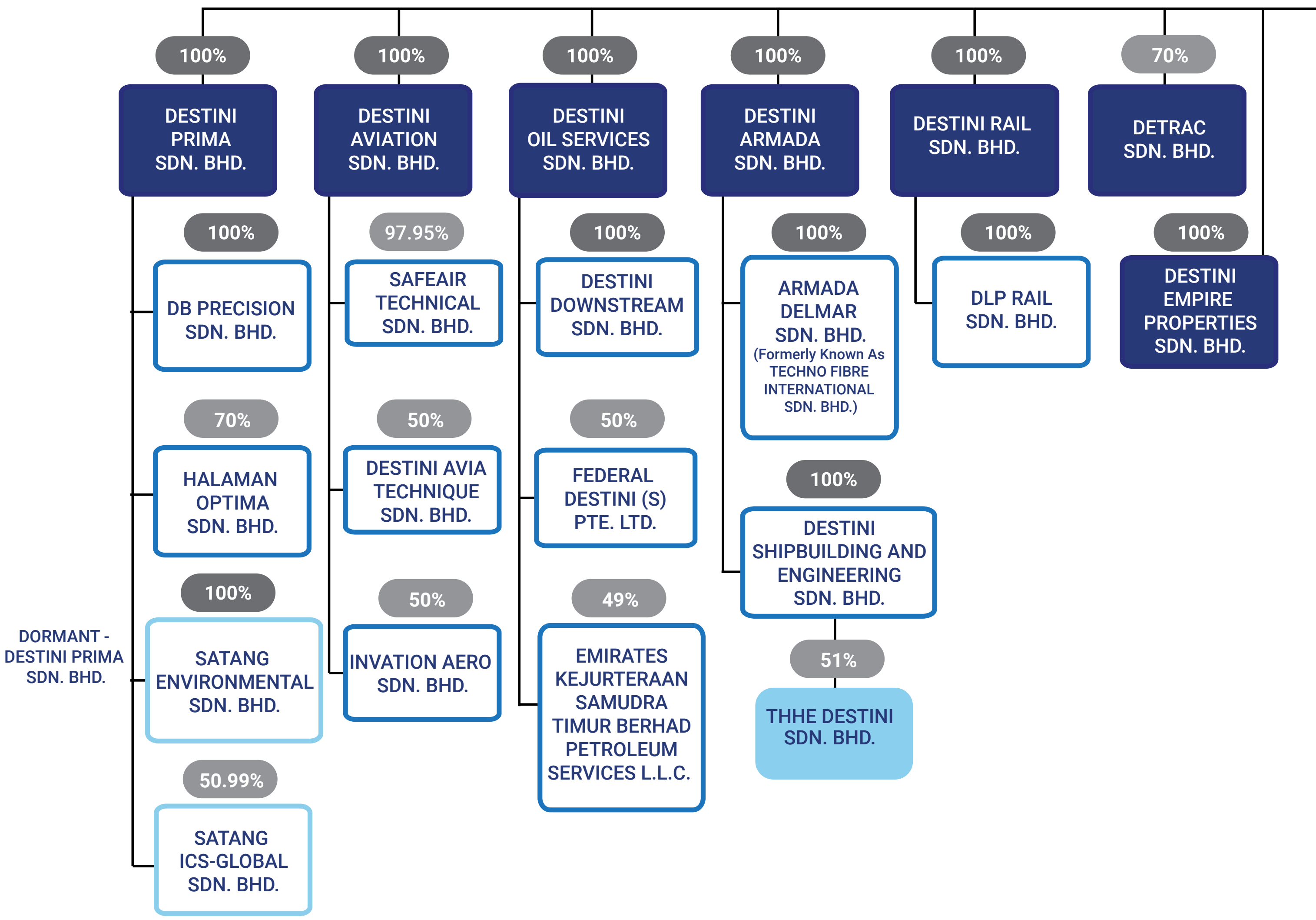
Stock name
DESTINI

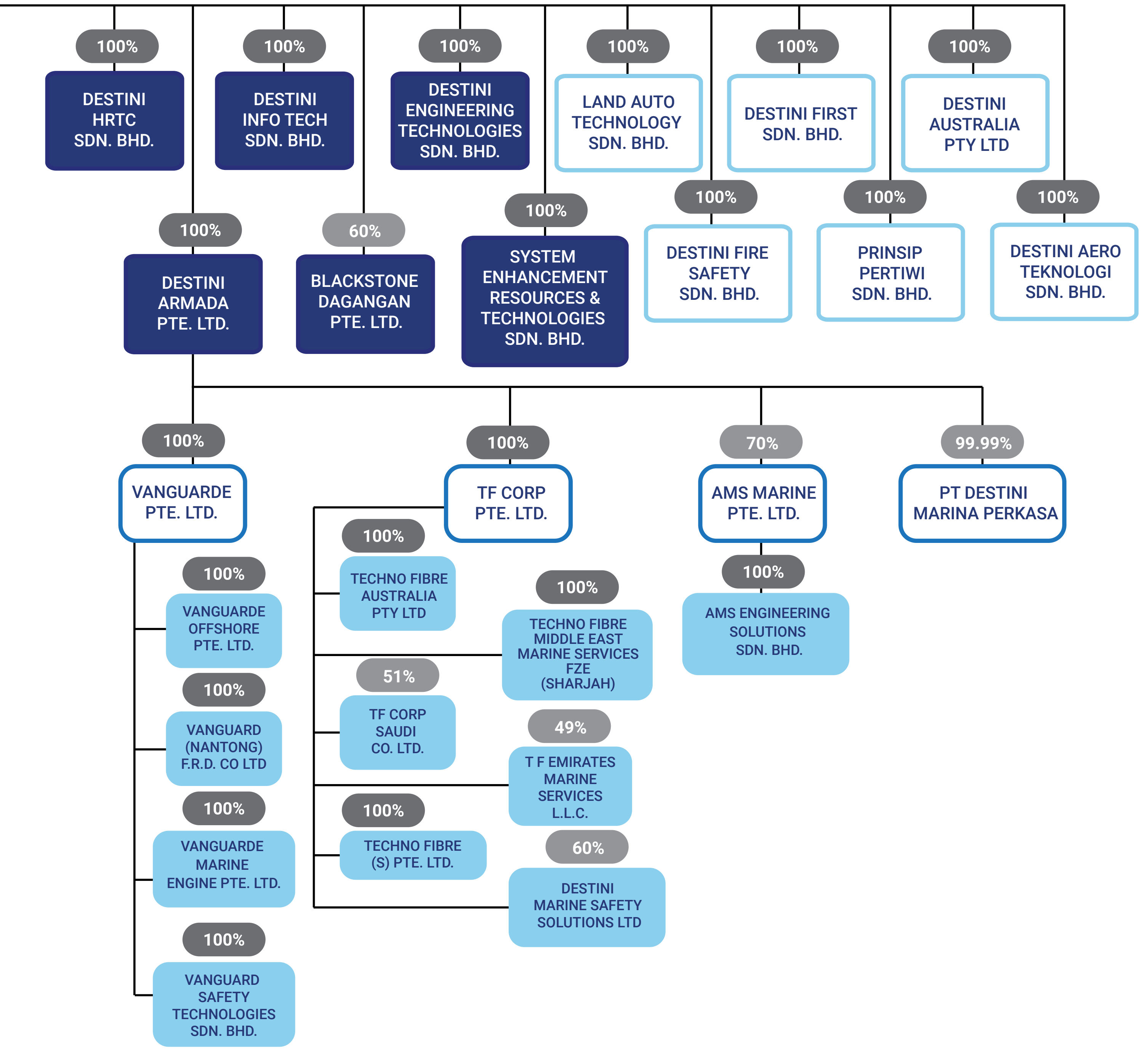
Stock code
7212

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

Financial year end
31 December

CORPORATE STRUCTURE
(AS AT 19 JUNE 2020)




100%
DESTINI HRTC SDN. BHD.
100%
DESTINI INFO TECH SDN. BHD.
100%
DESTINI ENGINEERING TECHNOLOGIES SDN. BHD.
100%
LAND AUTO TECHNOLOGY SDN. BHD.
100%
DESTINI FIRST SDN. BHD.
100%
DESTINI AUSTRALIA PTY LTD
100%
DESTINI ARMADA PTE. LTD.
60%
BLACKSTONE DAGANGAN PTE. LTD.
100%
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN. BHD.
100%
DESTINI FIRE SAFETY SDN. BHD.
100%
PRINSIP PERTIWI SDN. BHD.
100%
DESTINI AERO TEKNOLOGI SDN. BHD.
100%
VANGUARDE PTE. LTD.
100%
TF CORP PTE. LTD.
70%
AMS MARINE PTE. LTD.
99.99%
PT DESTINI MARINA PERKASA
100%
VANGUARDE OFFSHORE PTE. LTD.
100%
VANGUARD (NANTONG) F.R.D. CO LTD
100%
VANGUARDE MARINE ENGINE PTE. LTD.
100%
VANGUARD SAFETY TECHNOLOGIES SDN. BHD.
100%
TECHNO FIBRE AUSTRALIA PTY LTD
51%
TF CORP SAUDI CO. LTD.
100%
TECHNO FIBRE (S) PTE. LTD.
100%
TECHNO FIBRE MIDDLE EAST MARINE SERVICES FZE (SHARJAH)
49%
T F EMIRATES MARINE SERVICES L.L.C.
60%
DESTINI MARINE SAFETY SOLUTIONS LTD
100%
AMS ENGINEERING SOLUTIONS SDN. BHD.

SUBSIDIARY AND SUB-SUBSIDIARIES

(AS AT 19 JUNE 2020)

Destini Prima Sdn. Bhd. [199101013420 (223732-V)]
Distribution and supply of safety and survival related equipment for defence and commercial aviation and marine industries.

Halaman Optima Sdn. Bhd. [201101004714 (932855-V)]
Manufactures, imports and exports safety and security products and defense equipment.

System Enhancement Resources & Technologies Sdn. Bhd. [200901001316 (844241-K)]
Supplying, servicing and upkeeping of army vehicles, buses as well as supplying motor trolley.

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

Destini Shipbuilding and Engineering Sdn. Bhd. [201301037560 (1067389-K)]
Manufacturer of paramilitary boats and vessels and provides ship repair and marine-related engineering services.

THHE Destini Sdn. Bhd. [201601017699 (1188632-X)]
Manufacturer of paramilitary vessels and provides ship repair and marine-related engineering services.

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

Safeair Technical Sdn. Bhd. [200901035396 (878513-M)]
Specialise in aircraft servicing and provide technical ground handling services for commercial airlines operating in Malaysia.

Destini Avia Technique Sdn. Bhd. [201501028007 (1153331-T)]
Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector.

Invation Aero Sdn. Bhd. [201701010172 (1224337-K)]
Sale of rotary wing and fixed wing aircraft, supply overhaul services and other related services.

Destini Oil Services Sdn. Bhd. [201001021567 (905337-M)]
Provision of tubular handling and inspection, piling hammer equipment and running services as well as repair and maintenance of assets related to the oil and gas industry. Provides supply, lease and operate drilling rigs as well as other oil and gas related services.

Destini Downstream Sdn. Bhd. [201701001170 (1215320-V)]
Engage in the business of providing wholesales of variety of goods and trading.

Emirates Kejurteraan Samudra Timur Berhad Petroleum Services L.L.C. (Trade License No. CN-1415749)
Provides oil and gas production facilities operation and maintenance services. Engaged in onshore and offshore oil, gas field and facilities services.

Federal Destini (S) Pte. Ltd. (201801877K)
Engage in oil and gas activities leading into drilling and related services.

Detrac Sdn. Bhd. [201401025741 (1101831-X)]
Research and development of mechatronic system including software customization, repair and maintenance of electronic systems, support and consultation on system development.

Destini Rail Sdn. Bhd. [201701039771 (1253943-P)]
Operation of mass transit and other urban transport.

DLP Rail Sdn. Bhd. [201901014081 (1323409-M)]
Rail construction, trackworks, systems and communications.

Destini Empire Properties Sdn. Bhd. [201801020429 (1282448-U)]
To acquire by purchase lease, exchange, hire or otherwise, lands and property of any tenure, buildings or any shares.

Destini Engineering Technologies Sdn. Bhd. [200101000901 (536657-H)]
Maintenance, repair and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas and general contractors, construction of telecommunication engineering and other related services. Provision of civil construction and construction of telecommunication construction and engineering as well as other related services.

Destini Info Tech Sdn. Bhd. [200101025896 (561654-M)]
Providing consultancy and solutions services and implementing of high technology and computerised security systems and related services.

Destini HRTC Sdn. Bhd. [201101039136 (967258-X)]
Provides training and education consultancy.

DB Precision Sdn. Bhd. [201301028120 (1057950-U)]
Engaged in supplying calibration and cylinder services.

Destini Armada Pte. Ltd. (201228769N)
Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipment.

Vanguarde 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. [201301003772 (1033613-X)]
Engage in supplying marine related lifesaving equipment, parts and accessories.

Vanguarde Offshore Pte. Ltd. (200923004Z)
Trading in hyperbaric lifeboats. General importers and exporters of marine equipment and accessories.

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

Vanguarde Marine Engine Pte. Ltd. (201718529N)
Provision of service activities for oil and gas extraction. Provides engineering design and consultancy services.

TF Corp Pte. Ltd. (201310889H)
Investment holding.

Destini Marine Safety Solutions Ltd (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 maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping.

Armada Delmar Sdn. Bhd. (Formerly known as Technofibre International Sdn. Bhd.) [200001019664 (522271-P)]
Engaged in lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

Techno Fibre (S) Pte. Ltd. (199300541H)
Repair and service of fibre composite life boats and davits. Building and repairing of ships, tankers and other ocean-going vessels.

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

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

TF Corp Saudi 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)
Manufacture ships, tankers and other ocean-going vessels as well as provide ship repair services.

AMS Engineering Solutions Sdn. Bhd. [201701037325 (1251496-M)]
Building and repairing of ships, tankers and other ocean-going vessels.

PT Destini Marina Perkasa (4020022031104317)
Provision of jetty/port operations related services to companies involved with mining activities.

Blackstone Dagangan Pte. Ltd. (202014057M)
Trading of coal.

Land Auto Technology Sdn. Bhd. [201501014248 (1139580-K)]
Dormant.

Prinsip Pertiwi Sdn. Bhd. [201501013978 (1139310-V)]
Dormant.

Destini First Sdn. Bhd. [199101007464 (217774-M)]
Dormant.

Destini Aero Teknologi Sdn. Bhd. [201101039135 (967257-T)]
Dormant.

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

Destini Fire Safety Sdn. Bhd. [200001020740 (523347-K)]
Dormant.

Satang Environmental Sdn. Bhd. [200101011055 (546811-V)]
Dormant.

Satang ICS-Global Sdn. Bhd. [200601021911 (741664-D)]
Dormant.

BOARD OF DIRECTORS

From Left

1. **TAN SRI DATO' SRI RODZALI BIN DAUD**
   INDEPENDENT & NON-EXECUTIVE CHAIRMAN

2. **DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN**
   PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

3. **MOHD SHIHABUDDIN BIN MUKHTAR**
   NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

4. **PROFESSOR DATIN DR SUZANA BINTI SULAIMAN @ MOHD SULEIMAN**
   INDEPENDENT & NON-EXECUTIVE DIRECTOR

5. **DATO' CHE SULAIMAN BIN SHAPIE**
   INDEPENDENT & NON-EXECUTIVE DIRECTOR

6. **ABDUL RAHMAN BIN MOHAMED REJAB**
   EXECUTIVE DIRECTOR

7. **ISMAIL BIN MUSTAFFA**
   EXECUTIVE DIRECTOR

PROFILE OF DIRECTORS

TAN SRI DATO' SRI RODZALI BIN DAUD

INDEPENDENT & NON-EXECUTIVE CHAIRMAN

Chairman of the Nomination and Remuneration Committee
Chairman of the Risk Management Committee

Nationality / Age : Malaysian / 65
Date of Appointment : 15 May 2015
Areas of expertise : Defence

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

Tenure as Director : 5 years 1 month

Tan Sri Dato' Sri Rodzali Bin Daud 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 RMAF 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 BIN ABDUL RAHMAN

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

Chairman of the Option Committee

Nationality / Age : Malaysian / 48
Date of Appointment : 11 November 2010
Areas of expertise : Construction, Investment Trading

Qualifications
1. Master in Business Administration from University of Sunderland, England
2. Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur

Tenure as Director : 9 years 7 months

Dato' Rozabil @ Rozamujib Bin Abdul Rahman ("Dato' Rozabil") entered Destini as an Independent and Non-Executive Director in November 2010 and was re-designated as the Managing Director in January 2011. Dato' Rozabil was later then re-designated to Group Managing Director in January 2014, prior to becoming the President & Group Chief Executive Officer in April 2018.

His vision and strategies have led to the Group's successful growth track record as well as 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 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. He has diversified interests ranging from construction and property development to trading and serves as director to several other private companies.

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.

PROFILE OF DIRECTORS

MOHD SHIHABUDDIN BIN MUKHTAR

NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

Member of the Option Committee

Nationality / Age : Malaysian / 41
Date of Appointment : 18 October 2018
Areas of expertise : Accounting, Finance

Qualifications
1. Masters in Finance from the University of Adelaide, Australia
2. Bachelor of Electronics Engineering (Hons) from Multimedia University, Malaysia
3. Diploma in Public Administration from the National Institute of Public Administration, Malaysia
4. Chartered Financial Analyst (CFA) charter holder from CFA Institute, United States of America
5. Certificate member of Chartered Institute of Purchasing & Supply (CIPS), United Kingdom
6. Graduate member of Board of Engineers (BEM), Malaysia

Tenure as Director : 1 year 8 months

Encik Mohd Shihabuddin Bin Mukhtar was appointed to the Board of Destini Berhad in October 2018. He is currently the Senior Private Secretary to the Secretary General of Ministry Of Finance ("MOF") and prior to that he was the Section Head (Strategic Investment Division) for the MOF. His career began in 2002 as a telecommunication engineer at TM Cellular Sdn. Bhd. He then joined the civil service in 2003 as an Administrative and Diplomatic Officer. He has held various positions predominantly in financial and investment management functions for several ministries and departments within the Malaysian Civil Service. He had also served a year of secondment in Shell Malaysia Limited as a Senior Finance Analyst.

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.

PROFILE OF DIRECTORS

PROFESSOR DATIN DR SUZANA BINTI SULAIMAN @ MOHD SULEIMAN

INDEPENDENT & NON-EXECUTIVE DIRECTOR

Chairperson of the Audit Committee
Member of the Risk Management Committee

Nationality / Age : Malaysian / 55
Date of Appointment : 8 January 2013
Areas of expertise : Management Accounting

Qualifications
1. PhD in Management Accounting, University of Edinburgh, Scotland, United Kingdom
2. Master of Accounting (Distinction), Curtin University of Technology, Perth, Australia
3. Fellow Chartered Institute of Management Accountants (CIMA), United Kingdom (FCMA)
4. Chartered Global Management Accountants (CGMA)
5. Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Tenure as Director : 7 years 5 months

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman is Professor in Management Accounting at Faculty of Accounting, Universiti Teknologi MARA ("UiTM"). She has about 13 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.

PROFILE OF DIRECTORS

DATO' CHE SULAIMAN BIN SHAPIE

INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Member of the Audit Committee
Member of the Nomination and Remuneration Committee
Member of the Option Committee

Nationality / Age : Malaysian / 63
Date of Appointment : 8 January 2013
Areas of expertise : Finance, Agriculture

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

Tenure as Director : 7 years 5 months

Dato' Che Sulaiman Bin Shapie 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.

PROFILE OF DIRECTORS

ABDUL RAHMAN BIN MOHAMED REJAB

EXECUTIVE DIRECTOR

Member of the Risk Management Committee

Nationality / Age : Malaysian / 54
Date of Appointment : 15 October 2012
Areas of expertise : Finance, Construction

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

Tenure as Director : 7 years 8 months

Encik Abdul Rahman Bin Mohamed Rejab has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad. He exited the financial sector to enter the Company as an Executive Director in October 2012.

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.

ISMAIL BIN MUSTAFFA

EXECUTIVE DIRECTOR

Nationality / Age : Singaporean / 57
Date of Appointment : 30 May 2017
Areas of expertise : Accounting, Finance

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

Tenure as Director : 3 years 1 month

Encik Ismail Bin Mustaffa started his career in 1990 as an Audit Senior with Foo, Kon & Tan Grant Thornton in Singapore and became a Financial Analyst for United Parcel Service Inc in 1992.

Subsequently in 1994, he was appointed as the Finance and Administration Manager for The Majlis Ugama Islam Singapura ("MUIS"), a statutory body under the Ministry of Community Development Singapore. From 1998 to 2001 he served as the Assistant Director for Mendaki Foundation and Mendaki Holdings Pte Ltd.

He has over 30 years of experience in the auditing, accounting, fund management and corporate finance services. Before joining Destini, his last attachment was with Al-Hidayah Investment Bank (Labuan) Ltd for 6 years since 2005 as the Chief Executive Officer.

Prior to joining the Board in May 2017, Ismail was appointed as Destini's Director of Strategic Planning and International Operations in 2011.

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.

KEY SENIOR MANAGEMENT

DATO' ROZABIL BIN ABDUL RAHMAN

DESTINI BERHAD
PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

(His profile is set out in the Board of Directors Profile)

ABDUL RAHMAN BIN MOHAMED REJAB

DESTINI BERHAD
EXECUTIVE DIRECTOR

(His profile is set out in the Board of Directors Profile)

ISMAIL BIN MUSTAFFA

DESTINI BERHAD
EXECUTIVE DIRECTOR

(His profile is set out in the Board of Directors Profile)

KEY SENIOR MANAGEMENT

NORZILAH BINTI MOHAMMED
Destini Berhad
Group Deputy Chief Executive Officer

Date of Appointment : May 2019
Areas of Expertise : Banking, Risk Management, Finance, Operations & Management, Business Administration

Qualifications
- Bachelor of Science in Business Administration in Accounting from California State University, Sacramento, United States of America
- American Associates Degree in Accounting from Maktab Sains Mara
- Qualified Risk Director from the Institute of Enterprise Risk Practitioners
- Completed Womens Directors Onboarding Training Programme from the Malaysian Directors Academy (MINDA) and NAM Institute for the Empowerment of Women (NIEW)

Working Experience
- President & Chief Executive Officer, Export-Import Bank of Malaysia Berhad ("EXIM") (2016 - 2019)
- Chief Operating Officer, EXIM (2015 - 2016)
- Chief Risk Officer, EXIM (2013 - 2015)
- Chief Credit Officer, EXIM (2010- 2013)
- Head, Special Assets Management Department, EXIM (2008 - 2010)
- Deputy Head/ Senior Manager Credit Operations, Prokhas Sdn Bhd (2006 - 2008)
- Manager- Operations, Pengurusan Danaharta Nasional Berhad (2003 – 2005)
- Deputy Manager- Operations, Pengurusan Danaharta Nasional Berhad (2003 – 2005)
- Customer Relationship Manager, Commercial Banking, Bumiputra- Commerce Bank Berhad (1998 – 2000)
- Account Manager/ Business Analyst, Commercial Banking, Bumiputra- Commerce Bank Berhad (1992 – 1997)
- Audit Assistance, Price Waterhouse Kuala Lumpur (1991 – December 1991)

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.

ARIS KEFLI BIN MOHAMAD YUSOF
Destini Berhad
Group Chief Financial Officer

Date of Appointment : May 2017
Areas of Expertise : Accounting

Qualifications
- A member of Malaysian Institute of Accountants, Malaysia
- Chartered Institute of Management Accountant, United Kingdom
- A member of Chartered Practicing Accountants, Australia
- Master in Business Administration, Leicester, United Kingdom
- Advance Diploma in Accountancy, UiTM

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

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.

KEY SENIOR MANAGEMENT

SHAMSUDIN BIN HOOSIAN
Destini Berhad
Group Chief Internal Auditor

Date of Appointment : March 2020

Areas of Expertise : Internal Audit and Risk Management, Banking and Insurance Audit

Qualifications
- Bachelor's Degree in Accountancy from UiTM, Malaysia
- Certified Banking Auditor ("CBA") from Asian Institute of Chartered Bankers
- Qualified Risk Auditor ("QRA") from Institute of Enterprise Risk Practitioners
- Certified Internal Auditor for Financial Institutions ("CIAFIN") from Institute of Bankers Malaysia
- Certified Credit Professionals ("CCP") from Institute of Bankers Malaysia
- Certified in Shariah Concept and Islamic Banking from Islamic Banking & Finance Institute Malaysia
- Certified Risk Professionals from Bank Administration Institute ("BAI") Center for Certification

Working Experience
- Chief Internal Auditor/ Senior Vice President II, EXIM (2013 – 2019)
- Chief Internal Auditor/ Vice President, Zurich Insurance Malaysia Berhad (2008 - 2013)
- RHB Bank Berhad (1996 – 2007)
  - Department Head/ Vice President, Network Operations Audit Department
  - Section Head/ Assistant Vice President, RHB Islamic Banking Audit
  - Section Head, Risk Review & Control Self- Assessment Section
  - Team Leader, Control Self- Assessment Section
  - Team Leader, Regional Office Audit
  - Internal Auditor, Branches Audit

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.

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

Date of Appointment : August 2016
Areas of Expertise : Finance

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

Working Experience
- Executive Director – Investments, Gabungan AQRS Berhad (2015 – 2016)
- Deputy Director, Head - Malaysia Priority Financial Services 1, Corporate Investment Banking Services, RHB Investment Bank Berhad (2010 – 2015)
- General Manager, Head – Priority Broking, Hong Leong Investment Bank Berhad (2005 – 2010)

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.

KEY SENIOR MANAGEMENT

SHIRAD BIN ANUAR
Destini Berhad
Senior Vice President, 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
- Company Secretary and Legal Advisor, Utusan Melayu (Malaysia) Berhad (2013 – 2017)
- Legal Advisor, Naza TTDI Sdn Bhd (2011 - 2013)
- Company Secretary and Legal Advisor, GJA Engineering Sdn Bhd (2009 – 2011)
- Legal Advisor, Pantai Holdings Berhad (2007 – 2009)
- Legal Advisor, Landmarks Berhad (2001 – 2007)
- Legal Manager, DRB-Hicom Berhad (1997 – 2001)
- Assistant Legal Manager, Faber Group Berhad (1995 – 1997)
- Magistrate (1991 – 1995)

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.

FAIZAL BIN OSMAN
Destini Berhad
Senior Vice President, Human Capital and Administration

Date of Appointment : April 2019 (Resigned on 29 May 2020)
Areas of Expertise : Human Resource

Qualifications
- Bachelor of Arts in Business Economics
- Chartered Member with Chartered Institute of Personnel and Development ("CIPD") UK – MCIPD 46369618
- Certified Professional with Australian Human Resource Institute ("AHRI") – CAHRI 307826

Working Experience
- Human Resource Business Partner, UEM Edgenta Berhad (2014-2018)
- Head of Human Resource and Administration, KVMRT PDP Sdn Bhd (2012-2014)
- Head of Human Resource and Administration, MMC Gamuda Joint Venture Sdn Bhd (2010-2012)
- Senior Human Resource Relationship Manager, Scope International (M) Sdn Bhd (2009-2010)
- Assistant Vice President, Global Service Centre Sdn Bhd (2007-2009)
- Assistant Vice President Human Resource Compliance and Performance Management, Alliance Bank Berhad (1996-2007)
- Senior Analyst Human Resource Governance, Malayan Banking Berhad (1996-2007)

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.

KEY SENIOR MANAGEMENT

NOORHAYATI BINTI JALI
Destini Berhad
Senior Vice President, Treasury

Date of Appointment : July 2018

Areas of Expertise:
1. Accounts and Finance
2. Financial Management
3. Investment Management

Qualifications
- Master's in Business Adminstration, Finance from University Utara Malaysia, City Campus, Kuala Lumpur
- BA (Hons) Accounting and Finance from South Bank University London, United Kingdom
- Diploma in accountancy, MARA Institute of Technology Perlis, Malaysia
- Associated Member of the Financial Planning Association of Malaysia ("FPAM")

Working Experience
- Head of Finance – Education Department, Yayasan AMIR, a non-profit initiative by Khazanah Nasional Berhad (2013-2016)
- Finance Consultant, UITM Holdings Sdn Bhd (2012 – 2013)
- Head of Finance, Envair Holdings Berhad (2011 – 2012)
- Chief Financial Officer, Viztel Solutions Berhad (2006 – 2010)
- Senior Manager, Accounts and Finance, Benar Prima Capital Sdn Bhd (2005-2006)
- Chief Financial Officer, MNR Consolidated Berhad (1999 – 2004)
- Credit Executive – Accounts Payable, Sunway Hotel Seberang Jaya, Penang (1997 – 1988)
- Operations Officer, Bank of Commerce Penang (1995)

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.

KABOL BIN SURAT
Destini Prima Sdn Bhd
Executive Director

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, United Kingdom
- Diploma Strategic and Defence Studies, University Malaya
- Malaysian Armed Forces Staff College, Haigate, Kuala Lumpur

Working Experience
- Chief Executive Officer, Destini Prima Sdn Bhd (2011 – 2013)
- Executive Vice President and Chief Executive Officer, Satang Jaya Sdn Bhd (2008 – 2011)
- Executive Vice President, Business Sector 2 Satang Holdings (2008 – 2008)
- Senior Vice President, Group Business Development, Satang Holdings (2007)
- General Manager, Executive Chairman's Office, Satang Holdings (2006 – 2007)
- Senior Manager, Executive Chairman's office, Satang Holdings (2005 – 2006)
- Various Positions, Royal Malaysian Air Force (1981 – 2005)

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

KEY SENIOR MANAGEMENT

SURENDRAN PILLAY A/L 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
- Maintenance Manager, Safeair Technical Sdn Bhd (2010 – 2014)
- Duty Engineer, Singapore Haeco Pte Ltd (2010)
- Maintenance Controller, AirAsia Berhad (2005 – 2010)
- Acting Maintenance Manager, Thai AirAsia, AirAsia Berhad (2004 – 2005)
- Licensed Engineer, AirAsia Berhad (2003 – 2004)
- Licensed Engineer, Malaysia Airlines Systems Berhad (1999 – 2003)

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.

ALASTAIR J 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
- Business Development Director, BAE Systems Plc (2013 – 2014)
- International Director, QinetiQ Plc (2002 – 2012)

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.

KEY SENIOR MANAGEMENT

WAN ZALIZAN BIN WAN JUSOH
Destini Oil Services Sdn Bhd
Chief Executive Officer

Date of Appointment : March 2020
Areas of Expertise : Strategy and Finance

Qualifications
- Bachelor of Science (B.Sc) Degree in Business Administration, majoring in Finance from University of Nebraska-Lincoln, United States of America
- Diploma in Banking Studies, majoring in Banking from UITM, Malaysia

Working Experience
- Principal Consultant, Cogente Advisory Services Sdn Bhd (2017 – 2020)
- Group Chief Executive Advisor, Terengganu Incorporated Sdn Bhd ("TI") (2015 - 2018)
- Chief Operating Officer, EXIM (2012 - 2015)
- Various positions, including senior leadership with Maybank Group (1994 - 2011)

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.

MOHD JAMIL ZULKIFLI
Destini Avia Technique Sdn Bhd
General Manager

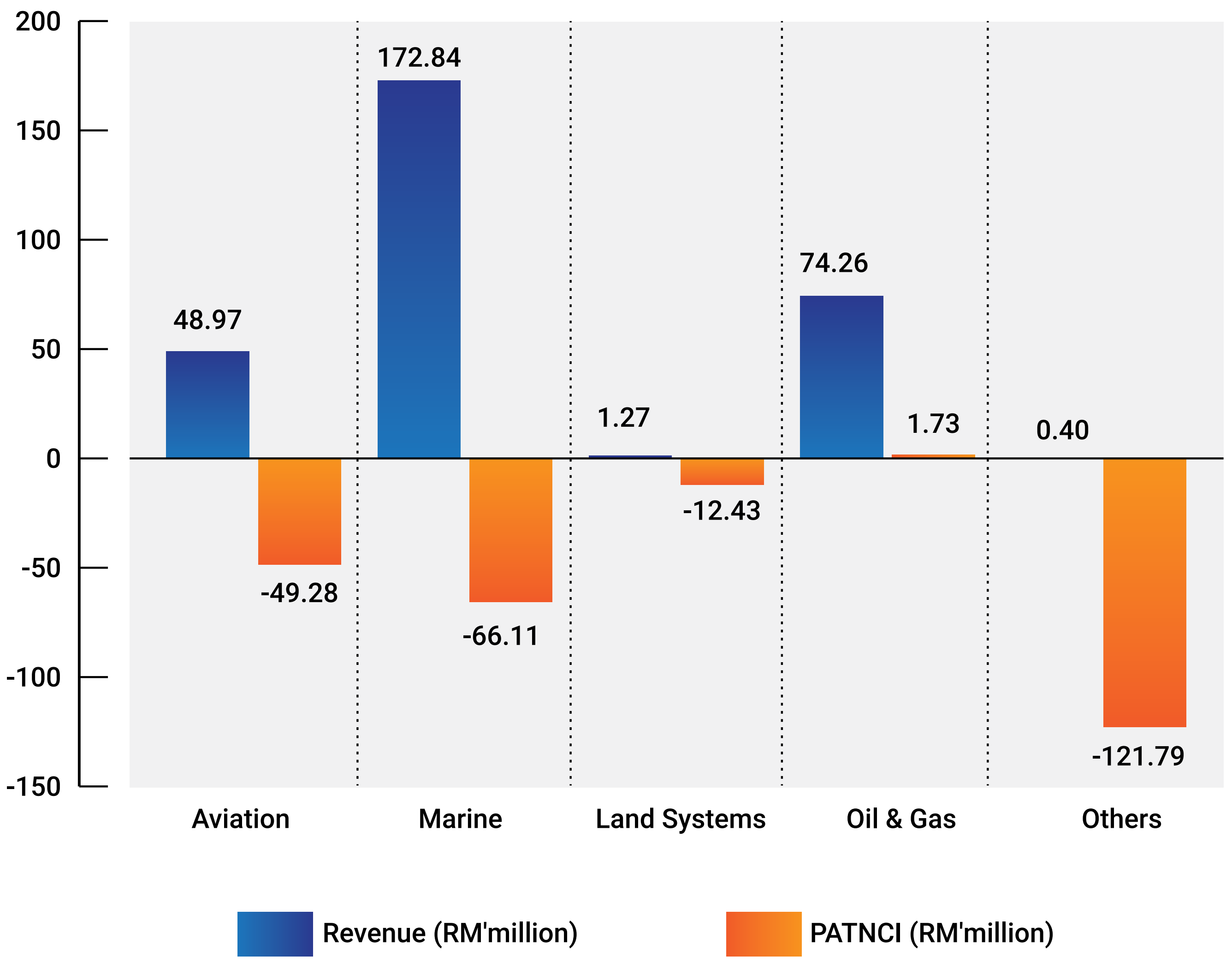
Date of Appointment : January 2016
Areas of Expertise : Engineering

Qualification
- BA (Hons) Engineering, University of Cambridge, United Kingdom

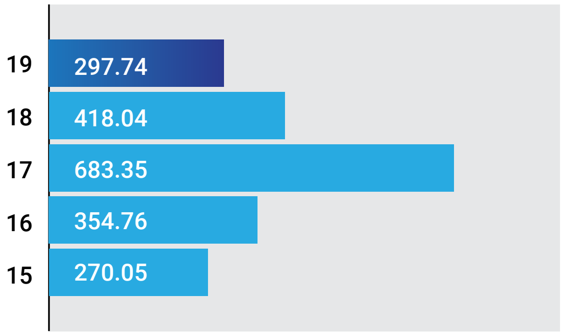
Working Experience
- Head of Engineering, DRB-HICOM Defence Technology (2011 - 2015)
- Principal Specialist, UNIKL – MIAT (2010 - 2011)
- Principal Engineer, Aricraft Design Centre Sdn Bhd (2006 - 2010)
- Program Manager, CTRM Sdn Bhd (2000 - 2006)
- Engineer, AIROD Sdn Bhd (1991 - 2000)

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.

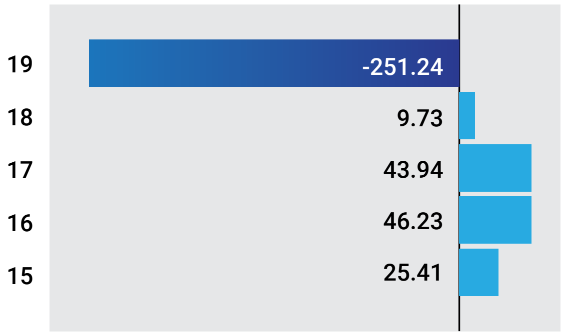
OUR PERFORMANCE



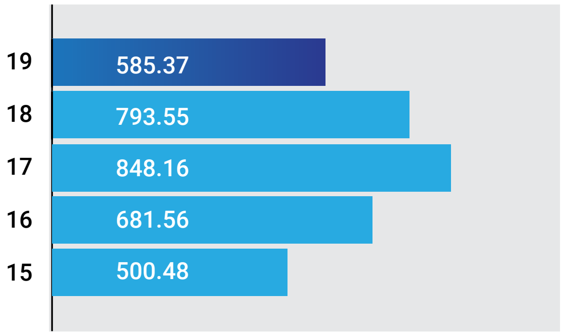
REVENUE (RM'million)



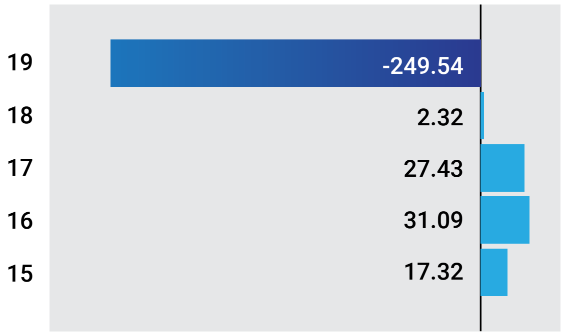
(LOSS)/PROFIT BEFORE TAX (RM'million)



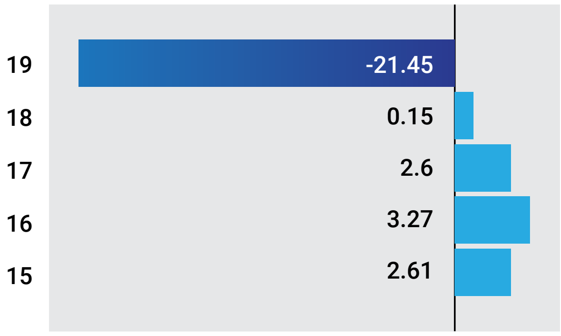
TOTAL ASSETS (RM'million)



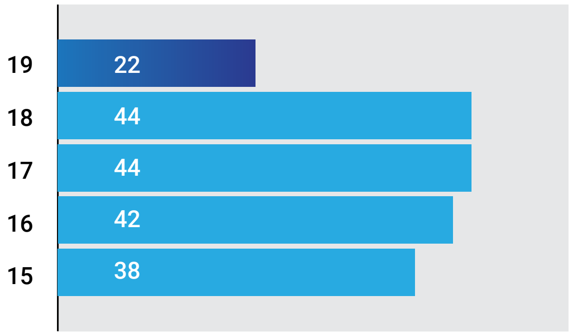
(LOSS)/PROFIT AFTER TAX (RM'million)



EARNINGS PER SHARE (SEN)



NET ASSETS PER SHARE (SEN)



CHAIRMAN AND PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER STATEMENT

DEAR VALUED SHAREHOLDERS,

First and foremost, we would like to take this opportunity to express our utmost sincere appreciation towards our shareholders who have continued to remain with us through a challenging year. The Board is filled with gratitude that its shareholders have stood in confidence in Destini as it strives towards sustainable growth.

As all our shareholders are aware, Destini has been on a continuous path to increase its shareholders value, which also coincides in the Groups efforts in strengthening its foundation to ensure its income stream remains stable.

That being said, on behalf of the Group and its Board of Directors, it brings us great pleasure to present Destini's Annual Report for the financial year ended 31 December 2019 ("FYE2019").

The year 2019, has been a challenging year for Destini despite seeing tangible progress in its strategic initiatives for sustainable long-term growth.

The Group was operating through a volatile business climate globally and domestically which saw softer economic growth that was in tandem with rising interest rates and the trade war between USA and China. This was further exacerbated by the violent swings in commodity prices which caused market uncertainties.

The global economy was recorded at its weakest growth since the global financial crisis about a decade ago. The year saw volatility in equity markets, escalation of trade disputes and dampened consumer confidence in major economies which continued to weigh down on global business sentiment and confidence. These factors did not only threaten economic growth of countries but also impacted global business sentiment.

Destini was not spared from these economic factors and volatile market conditions and saw a lukewarm performance in FYE2019 from an uncertain business outlook and subdued corporate performance.

These uncertainties were heightened from an unpredictable turn in domestic political events where Malaysia saw a change in Government for the first time in its history. This change had created uncertainties where changes in administrative legislatives created various ambiguities in the continuation of various projects. This in turn saw slower progress in many projects that Destini currently holds which effected the Group's topline growth.

During the year in review, the Government took several measures to reduce Government debt and expenditure by suspending large scale infrastructure projects across the country and placing a halt in acquiring new assets for Government agencies. This created less opportunities for Destini to bid for new projects to increase its order book.

Much effort was built towards solidifying the Group's foundation, developing capabilities and enhancing operations to ensure that Destini keeps on moving forward. Despite its efforts, the Group's order book halved to RM536.55 million as at 31 March 2020 from RM1.34 billion year-on-year (YoY). The decrease is mainly attributable to project completions and less contract awards in FYE2019.

Amongst many other companies, Destini saw several stalls in many of its Government related contracts. For instance, its MD530 supply contract was not able to proceed as the transition in administrative legislatives stalled the progress of this project. However, in December 2019, the Government gave the nod for Destini to continue executing its contract obligations.

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

DATO' ROZABIL BIN ABDUL RAHMAN
President & Group Chief Executive Officer

CHAIRMAN AND PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER STATEMENT

Despite the uncertainties, Destini will remain focused on strengthening its solid foundation and competitive strength for business growth.

Moving forward, the Group foresee another challenging year ahead from the loom of a pandemic which started at the end of 2019 that will catch us off guard as the curtain rises for 2020. The uncertain global economic environment which has shown uncertainties will continue to reshape the landscape of the industries that Destini operates in.

The Group remains vigilant in finding new opportunities to strive forward by recalibrating the capabilities it has in its core businesses. The Group also took proactive steps into assuring operational proficiencies that could fortify the profitability of its businesses such as an internal restructuring of its capabilities and a series of cost reductions.

As mentioned in the previous year, we have placed several strategies to ensure the Group remains profitable, and from recent events Destini has weigh its risks and tweaked these strategies to ensure that its short-term and long-term plans are still in place and achievable.

Leaning towards having strength in its diversity, the Group will carry on its business integration efforts across all its business segments by not only leveraging on each subsidiary's operational capabilities but also human capital, financial strength and resources.

At the same time, the Group will maintain its focus on managing costs and working capital, conserving free cash to retain our competitiveness whilst continuing to seek out new business opportunities which are synergistic to our current businesses.

As a responsible corporate identity, it is also our strategy to remain centered on the values of integrity, accountability and corporate responsibility. Destini is also committed to embracing sustainable best practices across our organization. This enables us to support the long-term growth of the Group and ensure that we make a positive impact in relevant areas.

Operating in a responsible manner and consistently stepping up the efforts to minimise our environmental footprint is a priority for the Group. Our structured approach focuses on the key areas of enhancing energy efficiency, reducing operational harmful emission and improving our waste management practices.

In line with our sustainability practices, Destini maintains that its talents are its greatest assets. The Group is driven by a workforce that has been the foundation of its accomplishments and strong reputation that it has today in the aviation, marine, land systems and oil and gas industries. Our workforce will always remain instrumental in fostering stronger relationships with various stakeholders and business partners throughout the years.

Appreciation

In one of the most challenging year for Destini, we would like to say thank you firstly to our employees who have once again, been a key driving force in Destini's continued growth. The Board and Management appreciates the diligence and professionalism exemplified by our workforce. They are truly our greatest asset. We look forward to your continued contributions in elevating the Group to greater heights.

We would like to record our sincere appreciation to our shareholders, stakeholders, customers and the Malaysian Government for the unwavering trust that they have placed in us.

We are also deeply grateful to our colleagues on the Board for their wise counsel and guidance as we navigate through the crests and troughs of the industry.

On behalf of the Board of Directors of Destini, we would like to express our heartfelt appreciation to Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid, for his contributions throughout his tenure on our Board. Dato' Megat who was the Company's Independent and Non-Executive Director and also Chairman of the Audit Committee has left the Group in May 2019 to pursue other interest.

CHAIRMAN AND PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER STATEMENT

He was replaced by En Mohd Noor Bin Hussen as Independent and Non-Executive Director in January 2020.

We would also like to offer a warm welcome to Pn Norzilah Binti Mohammed as the Group Deputy Chief Executive Officer who was appointed in April 2019 to assist us in steering the Group to new heights. Pn Norzilah is the former President of EXIM Bank who holds a well- established professional background and valuable experiences and expertise that will certainly be an asset to the Group.

Despite a challenging year and an uncertain future ahead for the Group, we believe that this has helped reshape and strengthened the Group's foundation to weather any storm going forward. As we continue to expand our horizon, we are confident that our Group will grow and thrive in our journey ahead.

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

Dato' Rozabil Bin Abdul Rahman
President & Group Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

THE YEAR IN REVIEW

On the backdrop of a challenging operating environment in 2019, Destini made commendable progress in assuring its business remains sustainable with several contract wins.

During the year in review, Destini secured a contract from the Ministry of Defence Malaysia for the extension of an existing contract to provide maintenance, repair and overhaul ("MRO") services and supply of safety and survival equipment to RMAF worth RM50.18 million.

Further fortifying the Destini's position as one of the nation's aircraft safety and survival equipment supplier and MRO service provider, the Group received another letter of extension from the Ministry of Home Affairs to provide its services to the Royal Malaysian Police Airwing for another three years.

Following that, the Group's commercial aviation business also grew its customer base after entering into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd.

In 2019, Destini expanded its scope of services in its commercial aviation business from Technical Line Maintenance to include Ground Handling services which started operations in Sabah. The Group's foray into Ground Handling has led to a growth in its customer base under commercial aviation. The Group aims of becoming a full-fledged technical and ground handling service operator with coverage in all major airports in Malaysia.

Meanwhile, Destini's oil and gas business remained strong with multiple contracts awarded during the year in review. Several of these contracts are for the provision of tubular running services for Petronas, Shell and Petrofac's assets in Malaysia and the Gulf of Thailand. This fortifies the Group's position as a leading tubular running services company in the region.

The Group's major milestone for oil and gas during the year was when it was awarded a PAN Malaysia Umbrella Contract for the Provision of Integrated Well Services for Intervention, Workover and Abandonment for Petroleum Arrangement Contractors (PACs) from Petronas Carigali Sdn Bhd (PCSB). The contract runs on a call-out basis through the issuance of work orders and would expire in 2024, and is negotiable for a further extension.

It was a lackluster year for Destini's land systems business as the Government remains prudent in its transportation spending in 2019. However, despite lower tender counts offered in the market for the Group's service offerings, Destini managed to clench a contract to supply seven 40-seater passenger busses for the Ministry of Education.

In line with the Group's ongoing efforts to seal its position in the local rail scene, Destini's wholly-owned subsidiary of Destini Rail Sdn Bhd entered into a Joint Venture and Shareholders Agreement with Lion Pacific Sdn Bhd, and SVPR Consulting Services Sdn Bhd to draw upon the skills, expertise, experience and capabilities of each other in undertaking the business of rail related projects in Malaysia and the region.

Meanwhile, although Destini's marine business did not see any major contract secured in shipbuilding, its manufacturing business overseas had multiple orders of Self-Propelled Hyperbaric Lifeboats (SPHL) and lifeboats. With an increase in manufacturing sales, the Group also saw continuous MRO services for lifeboats and lifeboat systems locally and abroad.

DATO' ROZABIL BIN ABDUL RAHMAN
President & Group Chief Executive Officer

NORZILAH BINTI MOHAMMED
Group Deputy Chief Executive Officer

ARIS KEFLI BIN MOHAMAD YUSOF
Group Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For close to a decade, Destini has maintained its profitability by diversifying and expanding its income stream. Alas, in FYE2019 the Group slipped into red with a loss after tax and non-controlling interest ("LATNCI") of RM247.82 million. This is in comparison to a profit after tax and non-controlling interest ("PATNCI") of RM1.77 million in financial year ended 31 December 2018 ("FYE2018"). The decrease in income was on the back of a lower revenue of RM297.74 million in FYE2019 from a revenue of RM418.05 million in FYE2018. As the Group's revenue took a dip, it had also reflected to a lower gross profit of RM16.89 million in FYE2019 as compared to RM155.49 million in FYE2018.

The 28.78% slip in revenue is mainly attributed to completion of major projects and lower amount or work orders across all the industries the Group has a foothold in. Furthermore, the delays in administrative decisions on several Government contracts also impacted the Group's topline.

Although Destini saw several completed projects during the year, there were still fixed costs that had to be carried forward in preparation for new potential projects. This led to the Group's decision to undergo a corporate exercise to raise RM49.67 million in funds through a private placement to repay bank borrowings and for working capital purposes. This exercise was also to ensure that the Group has sufficient capital to continue its operations with a stronger balance sheet.

This private placement exercise was intended to issue up to 231.05 million shares, representing up to 20% of the total number of issued shares in Destini at an issue price of 21.5 sen per share. From the total amount that could be raised, the Group estimated to utilize RM21 million of the proceeds to repay bank borrowings while RM22 million will go towards funding existing projects and RM5 million for new projects. The additional RM1.39 million is earmarked for general requirements while the balance of the proceed will be used to cover the estimated expenses for the exercise.

Seeing a challenging year the Group underwent during FYE2019, Destini's management decided to review its long-term contracts and did a reconciliation of its accounts at the end of 2019, which includes a provision and impairment of its assets and goodwill, which is reflective of the overall market conditions.

From the provisions made, the Group recognised net impairment losses on receivables of RM58.17 million, net impairment losses on intangible assets, property, plant and equipment and other assets amounting to RM93.69 million. The Group had also recognised additional finance costs of RM23.25 million during the year in review.

Further details on the performance of Destini's businesses is illustrated in the business performance review section of this Management Discussion and Analysis.

BUSINESS PERFORMANCE REVIEW

AVIATION

DEFENCE

- Destini's defence aviation segment recorded a decline in revenue of RM43.01 million in FYE2019 from RM89.46 million a year before. Its profits also slipped into the red to a LATNCI of RM36.70 million from a PATNCI of RM0.70 million in FYE2018.
- The Group's defence aviation business which is highly dependent on Government contracts saw a decline in revenue due to slower progress in its projects and delays in the decision on project continuities a result of the transition of the Government. In addition, budgetary cutbacks also resulted in a reduction in billings from Government agencies.
- The transition also saw the postponement in the execution and completion of the MD530G helicopter project which in turn translated to higher operational and administration expenses including additional interest expenses of RM14.88 million incurred by the Group.
- In December 2019, the Malaysian Government gave its approval for the Group to continue executing the remaining contract obligations with the MD350G program. The helicopters are scheduled to be delivered in 2020.
- The Government reduced its spending on the procurement of new assets within the defence sector. It however maintained its expenditure on the maintenance of its existing assets, which can be seen from the two MRO contracts that the Group secured during the year.
- Destini is well positioned for this as it is one of the only companies in Malaysia that is maintaining the RMAF's safety and survival related equipment. The Group will not remain complacent and will continuously find innovative ways of expanding its capabilities to further strengthen its market position.

COMMERCIAL

- Destini's commercial aviation business recorded a 10.39% increase in revenue to RM5.96 million in FYE2019 from RM5.40 million the previous year. Despite the increase in revenue, this segment continues to bled red from a LATNCI of RM5.19 million to a LATNCI of RM12.28 million
- This was due to higher than expected operational costs, provisions of doubtful debts and impairments of its assets.
- The Group saw less Ground Handling works as planned during the year despite its aggressive sales strategy. The Group's Ground Handling business only started to pick up in the fourth quarter of the year.
- On the other hand, the Group's Technical Line Maintenance works saw an increase in work orders, however, there were unbudgeted expenses that was incurred which resulted to losses in its books.
- During the year in review, the Group has entered into an agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd through DAT. This new venture was to expand Destini's civil aviation scope of services in supply, test, repair and overhaul activities on aircraft safety equipment.
- The Group remains cautiously optimistic on this business segment as the business environment remains challenging with intense competition and as global airline traffic faces short-term uncertainties.
- In 2019, Destini captured 70% of the total maintenance work for narrow-body aircrafts that flew into Malaysia. Moving forward, the Group aims to expand its capabilities into servicing wide-body aircrafts.

MANAGEMENT DISCUSSION AND ANALYSIS

MARINE

MANUFACTURING

- The Groups marine manufacturing segment recorded a slip in revenue of RM108.38 million in FYE2019 from RM171.87 million in FYE2018. Profits also slipped into the red to LATNCI of RM67.71 million from a PATNCI of RM8.82 million the year before.
- Although Destini's marine business was reported as the highest revenue contributor by taking up 58% of the pie, this business segment reported lower revenue year-on-year (YoY) due to slower progress in its shipbuilding projects as well as less opportunities in the market for the Group to replenish its order book. This resulted in fixed costs that the Group had to carry forward in which translated into an escalation in costs which was not budgeted earlier.
- Destini's marine manufacturing business is divided into the manufacturing of para-military vessels and lifeboats. Lower revenue for this business segment under para-military vessels was due to the completion of the Malaysian Maritime Enforcement Agency's ("MMEA") New Generation Patrol Craft hence there were no more contributions from the fabrication of this vessels.
- Meanwhile, the Group saw a slower progress in building the MMEA's Offshore Patrol Vessel due to delays in payment disbursement by the Government as planned. Budget constrains from MMEA is also reflected on our lower margins for ship repair services for its vessels.
- Coupled with not being able to replenish its order book because there were no tenders out for bidding, this has resulted in higher administrative expenses which compressed margins in ship building.
- Meanwhile, Destini's lifeboat manufacturing business remained stable with the deliveries of five Self Propelled Hyperbaric Lifeboats ("SHPL") and 16 lifeboats through its Singapore-based subsidiary Vanguarde Pte Ltd. However, there were impairments recognized on the SPHL which translated to losses for this business segment.

SERVICES

- For marine services on the other hand, the Group saw a 38% increase in revenue to RM64.46 million in FYE2019 from RM46.75 million a year ago. Despite higher revenue, this business segment recorded a PATNCI of RM1.59 million against a PATNCI of 3.27 million in FYE2018.
- The rise in revenue was from better performance by Destini's Techno Fibre Group of companies which saw an increase in its services. However, this business segment slipped into losses due to higher operating expenses which squeezed its margins.
- Destini's marine services in Singapore has been seeing positive growth momentum which is reflective in the increase in oil & gas activities in the areas the company operates which includes the United Kingdom, Middle East, Australia and Malaysia.
- Amidst the uncertain operating climate Destini remains cautiously optimistic on the growth and profitability of its marine services which is pegged mainly from the demand in the oil and gas sector which is cyclical in nature and sentiment driven.
- The Group intends to grow its marine services in the defence sector by replicating its success in commercial marine services. In doing so, Destini has been actively bidding for marine MRO works locally and in other countries in the region.

LAND SYSTEMS

- Over at land systems, the Group saw its revenue dip from RM39.41 million in FYE2018 to RM1.27 million in FYE2019. PATNCI also dived from RM2.38 million in FYE2018 to a LATNCI of RM12.43 million in FYE2019.
- During the year in review, Destini successfully delivered 12 units of heavy vehicles to the National Disaster Management Agency and 35 Motor Trolley's to Keretapi Tanah Melayu Berhad.
- Despite the successful deliveries, this business segment was not able to replenish its order book with major contracts due to the Governments budget constraints on asset acquisition.
- However, this business segment received a contract valued at RM3.91 million from the Ministry of Education to supply seven 40-seater busses for schools in Negeri Sembilan, Melaka and Johor for general usage of the schools in the states.
- Moving forward, Destini will constantly engage with the Government and rail operators for opportunities in supplying and maintaining rail systems in Malaysia and the region.
- Transportation projects has been on the quiet side in 2019. In saying that, the Group is expecting better roll out of new rail related projects in 2020 as the Government may relook into investing more on the rail segment, which Destini is keen to take part in.

OIL AND GAS

- The Group saw its oil and gas revenue grew to RM74.26 million in FYE2019 from RM47.41 million the year before. This segment returned to black after reporting PATNCI of RM1.73 million from a LATNCI of RM1.07 million in FYE2018.
- Destini's oil and gas business saw a commendable year with the awards of five major contracts in Malaysia and across the region. All five contracts are mainly for long-term tubular handling services for oil majors operating in Malaysia, Thailand and Myanmar. All of the contracts are on a call out basis which depends on each oil fields requirements.
- In addition, the Group had successfully completed the decommissioning of the Pulai-B platform off the coast of Terengganu ahead of schedule. This plug and abandonment campaign was awarded for excellent performance on the first successful completion of plug and abandonment and zero injurious incidents by PCSB.
- The year 2020 looks to be a promising year for Destini's oil and gas segment. Although uncertainties are looming, there will still be a demand in oil and gas and the opportunities is of abundance. The Group is looking at finding a strategic partner to expand its oil and gas foot print to other Asia Pacific countries such as Indonesia, Brunei, Philippines and Thailand.
- Locally, there are still opportunities for the Group to grab a hold off. For instance, 45% of 3,000 wells in Malaysia have been considered as non-producing and over 200 wells are ready to be decommissioned over the next 5 years. With a successful track record in decommissioning, Destini is poise to bid for these opportunities when it is made available.

MANAGEMENT DISCUSSION AND ANALYSIS

Strategic Direction

Destini has not taken its eyes off its strategic goals of increasing its secured income base. For the past few years, Destini has been on a path of finding an equal contribution ratio for its defence and commercial businesses. At the moment, the Group's defence segment still weighs more that its commercial segment in terms of revenue contribution. However, the Group's commercial segment has had its footprint expanded geographically into other regions.

In saying that, to find an equilibrium, Destini aims to not only find new avenues to increase the performance of its commercial portfolio but also expand its defence services abroad.

Destini has adopted several new initiatives to grow its businesses organically within its core segments. This also includes finding synergies between subsidiaries to leverage on each other's capabilities. In doing so, Destini aims to deliver all its projects efficiently through its existing core capabilities.

The Group is also aggressively broadening its client base by staying competitive and relevant in all the industries it has operations in and all the countries it has a foothold in.

At Destini, we believe that our workforce are our true assets. When nurtured properly these assets will be able to reward us in multiplies. Therefore, the Group has a continued focus on enhancing its talents and workforce by improving capabilities and continued emphasis on a performance driven culture. This was further fortified with the introduction of new management and new strategies.

Risk Mitigation

As part of its new strategies moving forward, Destini has implemented various measures in line with its risk management framework and internal controls to mitigate risks from its current and potential prospects.

A working management committee was established during the year which consists of the Group's top management team. The committee is tasked with developing a sound risk management framework and internal control policies to safeguard the interests of its workforce and all stakeholders. The framework is intended to cover all aspects of operations and risks relating to finance, operations and compliance in adherence to international best practices.

With an aim to embed a strong culture of corporate governance and sound risk management, the Group is constantly enhancing its compliance and risk management practices in its operations. The Group is also in frequent communication with its employees about the Group's expectations in compliance and risk management.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

As we step in the year 2020, we are expecting that Destini's operating environment will face new major challenges arising from the Covid-19 outbreak. This pandemic which caught all nations by surprise has inflicted economic disruption across the world as most countries including Malaysia have taken unprecedented control measures to contain the spread of the outbreak.

In its efforts to break the transmission of the virus, the Malaysian Government imposed a Movement Control Order ("MCO") on March 18, 2020 which was in accord to the Prevention and Control of Infectious Diseases Act 1988.

Amongst these measures were, Malaysia had to close its borders to foreigners and Malaysians were not allowed to leave the country. This is expected to impacted our commercial aviation business significantly. Destini marine manufacturing business was on hold for about three months as our factory in Nantong, China that produces lifeboats could not operate. In addition to that, with only certain sectors, departments and offices are allowed to operate, many of the Group's operations were on halt from service and supply disruptions.

Although the Group's commercial aviation business may dwindle and oil prices are expected to remain volatile, Destini's defence related businesses are expected to maintain its performance, but at a slower growth in 2020. This is because the defence sector is an essential service that operations must continue despite an active pandemic.

With Malaysia imposing an MCO and various other nations imposing similar control measures, many agencies have revised their forecasts for the year 2020. Bank Negara Malaysia has forecasted that the country's GDP growth would contract between -2% and 0.5% in 2020 from the projection of 4.9% earlier. The Malaysian Aviation Commission ("MAVCOM") had also revised its passenger traffic to contract between 36.2% and 38.1% instead of a 4.6% and 5.7% growth in 2020. According to MAVCOM, this translates to between 67.7 million and 69.7 million airline passengers in 2020, a considerable decrease from 2019's all-time high of 109.2 million passengers.

Foreseeing the uncertainties in its operational environment, Destini is concentrating on the consistency and predictability of long-term fundamentals and is steering away from pursuing short-term gains that is anchored around unsustainable business circumstances.

MANAGEMENT DISCUSSION AND ANALYSIS

In view of the extremely challenging conditions, Destini is blessed to find strength in the diversity of its businesses which promotes the sustainability of its overall business. All four of Destini's businesses are within the essential services and operations are expected to remain as usual with minor external uncertainties such as supply disruptions and regulatory changes that may evolve as the pandemic shifts.

That being said, Destini is first and foremost a maintenance service provider which means that our business is to service our customers assets. Going back to fundamentals, Destini has had a substantial track record in providing successful services to all its clients and there are still avenues to expand and rake from this business from various industries. The opportunities can be limitless given the correct conditions.

Destini will also continue to tender for public and private projects in all the sectors it is in to further strengthen the fundamentals of its diverse business portfolio in Malaysia and overseas. The Group will continuously explore for new opportunities and enhance its competitive strengths to ensure profitability.

The Group is also looking forward to tap into its recent foray into port operations in Kalimantan, Indonesia. Destini had also incorporated a new subsidiary that was established to pursue opportunities in the coal industry. This will see the Group diversify its income stream further and acts as a means to mitigate cyclical income downturns from aviation, marine, land systems and oil and gas business segments.

Aside to that, the Group has also taken preemptive measures to be resilient in weathering the uncertain operational environment by focusing more in strengthening the Group's balance sheet and managing its cash flow prudently. The Group has planned a regular review and actions to be taken to tighten capital expenditure, operating expenditure and investment and divestment decisions that could optimize the Group's balance sheet, including its capital structure, if necessary.

INVESTOR RELATIONS

Destini's investor relations initiative is spearheaded by the Group's Strategic Planning Department ("SPD"); a department that plays a crucial role in engaging and disseminating information on key developments of the Group to existing and potential shareholders and stakeholders.

The team is fully committed to providing complete, transparent and timely information to the investment community on the financial performance, strategies and future prospects of the Group. Their objective is to convey a fair and accurate representation of Destini to ensure that shareholders and stakeholders can formulate a balanced understanding on Destini's outlook.

The SPD facilitates a two-way communication between Destini and the investment community through meetings, conference calls, site visits and management participation in investment conferences to create better understanding of Destini's businesses.

Aside to being a medium for investors to be well informed on the Group's developments, the department also plays a central role in ensuring that Destini's Board of Directors ("Board") and Management are constantly updated and given a thorough understanding on investor sentiment and sector trends in the wider investment landscape.

Creating shareholder value

In February 2018, Destini adopted a dividend policy to pay 30% to 40% of its full year profits of a calendar year. This is to ensure shareholders of the Group's commitment in enhancing long-term shareholders value and consistent cash returns through the declaration of dividends.

It should be noted that although Destini has committed to a 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 the discretion of the Board.

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 received from its subsidiaries.

Communicating with shareholders

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

Destini is tracked by the investment community and as at April 2020, 3 financial institutions provided coverage on the Group. Research reports written by analysts are compiled regularly and feedback are summarised to provide a comprehensive view of the Group from the investment community.

Aside from engaging with analysts and fund managers as a medium between Destini and public investors, the Group also takes on the initiative to engage with its shareholders during its Annual General Meeting ("AGM").

Destini's AGM's are led by its Chairman Tan Sri Dato' Sri Rodzali Bin Daud and President & Group CEO Dato' Rozabil Bin Abdul Rahman, who are accompanied by Destini's Board of Directors. During the AGM, shareholders are briefed on the market outlook, business and financial highlights, project progress and strategic initiatives going forward.

Aside from that, Destini supplements shareholder engagement with a dedicated investor relations page on its corporate website, https://www.destinigroup.com/investor-relations/. Our investor relations page provides corporate information, financial data, share price information and corporate announcements that are also listed on Bursa Malaysia Securities Berhad's company announcements.

The webpage was developed to provide timely disclosure of information on quarterly results, corporate developments and all material announcements, as required under Listing Requirements.

SUSTAINABILITY REPORT

COMMITMENT TO SUSTAINABILITY

Sustainability has always been a pillar of the Group's culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our Environmental, Social and Governance Policy.

The Group's continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to formulate strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.

OUR POLICY ON SUSTAINABILITY

- Embrace Sustainability in Organisation Culture
- Capitalise on Technology and Information
- Strengthen the Core
- Build Regional Global Connectivity
- Foster a High Performance Partnership

SERVICE & PRODUCT QUALITY

TECHNOLOGY

MANAGEMENT

TALENT

ECONOMIC

Sustaining our economy
Delivering sustainable returns to our shareholders

Delivering quality services and products to achieve customers' satisfaction

ENVIRONMENT

Conserving our environment
Protecting and preserving the environment

SOCIAL

Building a resilient workforce
Ensuring a positive workplace for our employees

Serving our community
Contributing to the well-being of the community around us

Our Scope of Reporting

This Statement covers Destini Berhad and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to integrated engineering solutions provider with diverse segments in the aviation, marine, land system as well as oil and gas industries.

DESTINI

AVIATION

- Maintenance, repair & overhaul ("MRO") for the armed forces and civil airline aircraft and helicopters
- Supplies aviation safety and survival - related equipment
- Aircraft search, rescue and salvage
- Technical Line Maintenance and Fixed-base Operation Services for civil airlines
- MRO for civil airline component
- Ground handling services for commercial airlines

MARINE

- Fabricates vessels of up to 80 meters in length for defence and security vessels
- Manufactures lifeboats, fast rescue boats, davit systems and hooks
- Provides MRO services to defence and security vessels, lifeboats, davits, load testing equipment, fire safety and others
- Provides safety and survival-related equipment MRO for government and maritime agencies, locally and globally

LAND SYSTEM

- Assembles, fabricates, refurbishment and MRO for the:
  - Vehicles of armed forces, police and other government agencies
  - Security vehicles for commercial use
  - Motor trollies, wagons and road-rail vehicles for the rail sector
  - Rail systems
- Supplies of electronic equipment, surveillance and tracking systems, spare parts, components and accessories

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 remedial wellbore operations

This report cover data which had been compiled internally from 1 January 2019 to 31 December 2019, where available and relevant, historical data of the preceding year has been included for comparison.

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met.

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

Board of Directors

Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

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

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

- Stakeholders engagement.
- Materiality assessment and identification of sustainability risks and opportunities relevant to us.
- Management of material sustainability risks and opportunities.

Ethical Business Practices

The Board recognise the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Code of Ethics and Conduct. Our Whistle Blowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Ethics and Conduct and/or other non-compliance offences.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	• Annual & Extraordinary General Meetings • Investors presentations • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Share price performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Bursa Malaysia Listing Requirements • Companies Act 2016 • Labour law • Taxations • Occupational Safety and Health Act, 1994 • Factories and Machinery Act 1997 • Factories and Machinery (Electric Passenger and Goods Lift) Regulation 1970
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees/Union	• Technical and skills trainings • Performance appraisal • Team building activities • Employee engagement activities (events) • Dialogues between employers and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial insitutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Interest/Profit payment
Customers	• Regular meetings • Marketing activities • Sponsorship activities	• Customer satisfactions • After-sales services • Quality assurance • Innovative services and products
Suppliers and Agents	• Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliance
Communities & Non Governmental Organisation	• Conferences and Dialogues	• Socioeconomics development
Societal Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

SUSTAINABILITY REPORT

MATERIAL SUSTAINABILITY MATTERS

ECONOMIC

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. From time-to-time, Destini engages with our shareholders through open dialogues and a planned investor relations programme which includes roadshows, meetings, and regular analyst briefings. These sessions are typically hosted by the Senior Vice President of the Strategic Planning Department and Executive Directors.

Apart from the AGM where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.destinigroup.com also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. For our customers, we will supply quality services and products which meet their satisfaction and expectations through continual improvements in technology, processes and services as the case may be. In order to ensure that our products are of consistent standard and quality, our management has internally established a Regulatory, Safety and Quality Assurance Department to establish, check and continually improve the continuity compliance as required by Statutory and/or Regulator bodies, Standard Certifying Agency, Customer and/or Original Equipment Manufacturer ("OEM"). This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts the business continuity.

CUSTOMERS' SATISFACTION

- Internationally recognised best practices and international quality accreditation
- Experienced management and equipped with industry knowledge, extensive technical support and comprehensive training services
- Prompt delivery and reliable customer service
- Efficient after-sales service, create an integrated and resilient workforce

AVIATION

In terms of quality control, our aviation operation is accredited by ISO 9001:2015 - Quality Management System in Maintenance, Repair, Overhaul, and Technical Assistance of:
a) Safety and survival equipment;
b) Electronics and electro-mechanical equipment; and
c) Auto-mechanical, crash & salvage and firefighting equipment for aerospace, marine and defence industries.

It must be noted that, locally, we are an Approved Maintenance Organisation for the services and maintenance of aircraft and safety and survival equipment which is certified by the Malaysian State Technical Airworthiness Authority, and also by Civil Aviation Authority Malaysia ("CAAM") for MRO activities that are governed by CAAM or Malaysian Civil Aviation Regulation.

We are also certified by aviation regulators from Singapore, Thailand, India, Vietnam, Sri Lanka, India and China to service airlines from those countries that fly into Malaysia.

SUSTAINABILITY REPORT

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

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

MARINE

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

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

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

Apart from that, internationally, our company is also certified by Lloyd's Register Group Limited as Approved Service Suppliers in servicing and maintenance of lifeboats, launching appliances, on-load release gear and davit-launched life-raft automatic release hooks.

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

LAND SYSTEM

While for the land system segment, we are certified by the Ministry of International Trade and Industry of Malaysia for the fabrication of commercial vehicle bodies, and assembly of chassis bus and military vehicle.

We are also certified for new body construction, technical repairs and refurbishments for all types of rigid lorries, semi-trailers, tankers and busses by the Road Transport Department of Malaysia.

OIL & GAS

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

In conclusion, these certifications provide worldwide recognition and acceptance of our services and products. In respect of this, throughout the years, we have received several awards and appreciation letters from our business partners and associates as a token of appreciation of our services and products rendered.

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

SUSTAINABILITY REPORT

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Business Model and Planning

Destini has laid out several sustainability and growth strategies across all of its business segments to remain resilient to the external challenging operating environment and this includes diversifying its range of services and products within its core expertise.

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

Moving away from local shores, Destini is also constantly looking to extend its services and products to the wider global market. The Group is always in the mode of sourcing potential business partners in different markets to form strategic alliances. It opens up greater opportunity for the Group to grow internationally. From the current presence which spans from Australia, China, Malaysia, Middle East, Singapore, and United Kingdom, Destini is on the blueprint to expand its current business network to the Southeast Asian countries it does not have a presence in as well.

Moving forward, Destini will also continuously focus on quality and delivery timeliness to achieve better customers' satisfaction. Intensive technical training shall be provided to our current operation personnel and recruitment of highly capable staff shall contribute to our Group's talent pool. In order to achieve high working standards at all times, revision and enhancement of the current working procedures shall be implemented in stages as well.

Suppliers

To our suppliers, we are committed to enhance our processes and engage with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In compliance with ISO 9001:2015, every specification and materials involved in the production and operation processes are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the ones with specific criteria's met are engaged.

ENVIRONMENT

Operations

As our business involves manufacturing in which is heavily regulated by the various regulatory bodies, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to emission standards, noise level management and treatment of plant effluents and waste water. The Group is committed that the business does not generate any major environmental concerns.

Our standard operating procedures for environmental management includes:

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

Waste Management

Proper waste disposal has wide-ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario though it is a daunting goal for the industry. The Group seeks to contribute whatever extent feasible towards the eventual realisation of total safe waste elimination. Part of the Group's commitment to waste management is ensuring the disposal of scheduled waste are in compliance with the Environmental Quality (Scheduled Wastes) Regulations, 2005. In this respect, the scheduled wastes will be packaged, labelled and transported in accordance with the prescribed Department of Environment guidelines and regulations. Moreover, we are also certified with ISO 14001:2015 and ISO 45001:2018 - Environmental Management System in providing MRO of safety, survival, search, rescue equipment.

Aside to that, the Group also adheres to the Environmental Quality Act 1974, Environmental Quality Scheduled Waste Regulation 2005 and Inventory of Scheduled Wastes that is in compliant with oil and gas regulations.

SUSTAINABILITY REPORT

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. Additionally, other materials such as furnishing and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our warehouse. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Water Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

SOCIAL

The Group recognised that employees are our greatest assets hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

Succession Planning

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

Safe Workplace

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

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

SUSTAINABILITY REPORT

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

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

Safety Induction Training was conducted for all of our newly joined employees. The programme is designed to train employees to become fully aware of the safety and health measures and to meet the Department of Occupational Safety and Health's guidelines. Workers are equipped with safety protective wear and equipment such as ear muffs for protection against noise pollution, goggles for protection against glare, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials. Furthermore, safety briefings are compulsorily conducted to all factory visitors on the awareness of safety and health before entering to the factory.

Talent Motivation and Skill Development

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill their workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, in the field of aviation and marine development, human resource management, technical skills, and others.

In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given an equal opportunity to rise up in their careers through hard work and dedication.

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 December 2019, the total number of employees stood at 971 employees (2018: 651 employees), of which 18% (2018: 18.7%) are female and the remaining 82% (2018: 81.3%) are male. Having a diverse team of employees, across age, gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

Apart from safety and promoting good health, motivation is an essential part of the Group's responsibility to our employees. With that, the Group had in 2019 organised several staff engagement activities such as bowling and futsal tournaments and a hiking trip at Chimney Hiking Trail in Labuan, Sabah.

Aside to that, the Group has also organised two treasure hunts in 2019. the first was done is Kemaman, Terengganu and another at a larger scale that saw the activity take place to the Northern side of West Malaysia from Central Malaysia.

These were leadership development programme that provides a highly personal experience that is tailored to help each leader and the subordinate get the most out of sessions by providing a safe environment for learning and skill practice and to be able to recognise stress levels amongst the staff and to drive a motivated harmonious culture in the workplace.

In addition to the day-to-day motivation measures, it is the Group's tradition to have a monthly lunch for its employees to mingle around. Given that our Group comprised multi-racial employees, as with previous years, our Group held a Majlis Berbuka Puasa, a ceremony to commemorate Muslim's breaking of fast during the holy month of Ramadhan, Hari Raya Aidilfitri, Chinese New Year, Deepavali, Christmas and New Year celebrations and its represented a big part of our culture to foster stronger relationships amongst the staff across generations while celebrating the festival.

SUSTAINABILITY REPORT

Corporate Social Responsibility

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation via Yayasan Destini, which was set up in December 2013. The mission of Yayasan Destini are as follows:

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

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

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend Policy of paying an annual dividend of between 30% - 40% of its full year profits of any calendar	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment and diversification	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

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. 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.

This Statement sets out the commitment of the Board towards the MCCG and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG throughout the financial year ended 31 December 2019 ("FYE 2019") pursuant Paragraph 15.25 of the Listing Requirements of Bursa Securities. The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report which is available at the Company's website at www.destinigroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board Leadership on Objectives and Goals

Strategic Aims, Values and Standards

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

In the Group, the Board and the Senior Management work cohesively to formulate and to implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The management, including the President & Group Chief Executive Officer, Group Deputy Chief Executive Officer and Executive Directors of Destini, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The President & Group Chief Executive Officer or Deputy Chief Executive Officer briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

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:

- **Review and adopt strategic plan of the Group**

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

- **Implementation of internal compliance controls and justify measure to address principle risks**

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

- **To formulate and have in place an appropriate succession plan**

  The Board is responsible 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, on the retirement and appointment of the members of the Board and Executive Directors.

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**

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

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

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

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

vi) approve annual financial statements, and other reports to shareholders;
vii) consider and, if appropriate, declare or recommend the payment of dividends;
viii) review the Board composition, structure and succession plan;
ix) review the Company's audit requirements;
x) review the performance of, and composition of Board committees;
xi) undertake Board and individual Board member evaluations;
xii) review Board remuneration; and
xiii) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The President & 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 & Group Chief Executive Officer, assisted by Deputy Chief Executive Officer and 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.

The Board has defined its Board of Charter, and Code of Conduct and Ethics setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders, which is available on the Company's website at www.destinigroup.com.

Independent Non-Executive Chairman

During the financial year under review, the Board is chaired by an Independent & Non-Executive Chairman. The Independent & Non-Executive Chairman 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 Independent & Non-Executive Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively. The roles and responsibilities of the Independent & Non-Executive Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at www.destinigroup.com.

Separation of Positions of Chairman and President & 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 President & 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 & 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 is not related to the President & Group Chief Executive Officer and is responsible in leading the Board in the oversight and supervision of the Group's management; whilst the President & 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.

Qualified and Competent Company Secretaries

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

The Company Secretaries attend all Board and 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.

Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to the following four (4) Board Committees:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

Access to Information and Advice

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

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

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

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible 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, Risk Management Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

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

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

2. Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and 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.

3. Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistle-blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue and mechanism to all employees of the Group and members of the public to raise 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.

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

Attention	:	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Designation	:	Audit Committee Chairperson / Independent & Non-Executive Director
Email	:	suzana.sulaiman@destinigroup.com

Destini Berhad Anti-Bribery and Corruption Policy

On 19 June 2020, the Company has adopted the Anti-Bribery and Corruption Policy that sets out the Company's principles and stance and adequate procedures against bribery and corruption activities in the conduct of its business. The Destini Berhad Anti-Bribery and Corruption Policy provide guidance to the employees and business partners towards eliminating acts of bribery and corruption in the conduct of the Company's business and affairs and such policy is published on the Company's website.

PART II – BOARD COMPOSITION

4. Board's objectivity

Board Composition and Balance

Our Board consists of seven (7) members, which comprises of an Independent & Non-Executive Chairman, a President & Group Chief Executive Officer, two (2) Executive Directors, one (1) Non-Independent & Non-Executive Director and two (2) Independent & Non-Executive Directors in compliance with the Paragraph 15.02 of the Listing Requirements. The Profile of the Board members are set out in this Annual Report.

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

The Board has identified Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as as a representative of other members of the Board to share any concerns of Directors to the President & Group Chief Executive Officer on any issues of the Group and perform as the alternative contact person for shareholder communication.

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

The tenure of an independent director should not exceed a cumulative term 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 and 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 AGM of the Company. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board will seek annual shareholders' approval through a two-tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

New Candidates for Board Appointment

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

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

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

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

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

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

During the financial year under review, there was no new appointment of director as recommended by the NRC, save for the appointment of Encik Mohd Noor Hussen as Independent & Non-Executive Director of the Company on 3 January 2020 and resigned on 10 April 2020.

Boardroom Diversity

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

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. The Company has formalised a Boardroom Diversity Policy and such policy is published on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Age Group	41-50	51-60	61 & above
Number of Directors	2	3	2

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

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	7	0	0	0	6	1

Time Commitment and Directorship in Other Public Listed Companies

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

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

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

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

Board Meetings

The Board held six (6) meetings during the financial year ended 31 December 2019. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Tan Sri Dato' Sri Rodzali Bin Daud	6/6
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	6/6
Mohd Shihabuddin Bin Mukhtar	5/6
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	6/6
Dato' Che Sulaiman Bin Shapie	6/6
Abdul Rahman Bin Mohamed Rejab	6/6
Ismail Bin Mustaffa	6/6
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid (Resigned on 1 May 2019)	2/2

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Continuing Education Programs

All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to evaluate their own training needs on a continuous process and determine the relevant 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 Bin Daud	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
Mohd Shihabuddin Bin Mukhtar	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
	Economist Intelligence Unit Briefing Session On Global Financial Risk, Putrajaya, 7 August 2019
	Meir Statman Talk On Behavioral Finance, Kuala Lumpur, 4 September 2019
	Guru Series With Maybank Investment Bank On MYR Sukuk Experience, Project Financing And Islamic Structures, Bangi, 19-20 September 2019
	Malaysia A New Dawn 2018 Conference, Kuala Lumpur, 9 October 2019
	Shanghai International Program For Development Evaluation Training, Shanghai, 26-30 November 2019
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	VC in Conversation Moving Forward, Halaman Bestari, INTEKMA, Shah Alam, 25 June 2019
	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
	Evaluating Effective Internal Audit Function – Audit Committee's Guide on How to, Bursa Malaysia Berhad, 15 October 2019
	Asia-Pacific Management Accounting Association (APMAA) 15th Annual Conference, Mondrian Hotel, Doha, Qatar, 2 -5 November 2019
	Round Table Discussion: Recognition for High Productivity Enterprise HPE Using Local Talent 2019, Eastin Hotel, Kuala Lumpur, 20 November 2019
	The Securities Commission Malaysia's Audit Oversight Board Conversation With Audit Committees, Securities Commission Malaysia, Bukit Kiara, 22 Nov 2019
	Syllabus-CIMA Train The Trainer Workshop, CIMA Office, First Avenue, Kuala Lumpur, 1 – 2 December 2019
Dato' Che Sulaiman Bin Shapie	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
	Evaluating Effective Internal Audit Function – Audit Committee's Guide on How to, Bursa Malaysia Berhad, 15 October 2019
	Session On Corporate Governance And Anti-Corruption by Securities Commission Malaysia on 31 October 2019
Abdul Rahman Bin Mohamed Rejab	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
Ismail Bin Mustaffa	Implications of the New Companies Act 2016 on the Company and Directors by MAICSA, Destini Berhad, HICOM Glenmarie, Shah Alam, 10 July 2019
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid (Resigned on 1 May 2019)	NA

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Nomination and Remuneration Committee

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

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

Chairman
Tan Sri Dato' Sri Rodzali Bin Daud
(Independent & Non-Executive Chairman)

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

Past Member
Mohd Noor Bin Hussen
(Independent & Non-Executive Director)
(Appointed on 3 January 2020 and Resigned on 10 April 2020)

Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
(Independent & Non-Executive Director)
(Resigned on 1 May 2019)

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.

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

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 re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;
iii) Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors;
iv) Reviewed and recommended the appointment of Puan Norzilah Mohammed as Group Deputy Chief Executive Officer and Chong Eu Jin as Group Chief Operating Officer; and
v) Reviewed and recommended the remuneration package of Puan Norzilah Mohammed as Group Deputy Chief Executive Officer and Chong Eu Jin as Group Chief Operating Officer.

Option Committee

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

Chairman
Dato' Rozabil @ Rozamujib Bin Abdul Rahman
(President & Group Chief Executive Officer)

Members
Mohd Shihabuddin Bin Mukhtar
(Non-Independent & Non-Executive Director)

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

Past Member
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
(Independent & Non-Executive Director)
(Resigned on 1 May 2019)

The functions of the Option Committee are 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 Extraordinary General Meeting held on 10 February 2014, is the only share option issuance scheme in existence during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5. Overall Board Effectiveness

Evaluation for Board, Board Committees and Individual Directors

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

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

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

Based on the assessment conducted for the financial year 2019, the Board and the NRC were satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the level of independence demonstrated by all the Independent Directors and each of them continues to fulfil the definition of independence as set out in the Listing Requirements.

Re-election of Directors

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

Upon the recommendation of the NRC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming AGM of the Company to be held in 2020 are as stated in the Notice of AGM.

PART III – REMUNERATION

6. Level and Composition of Remuneration

Nomination and Remuneration Committee

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

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

Chairman
Tan Sri Dato' Sri Rodzali Bin Daud
(Independent & Non-Executive Chairman)

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

Past member
Mohd Noor Bin Hussen
(Independent & Non-Executive Director)
(Appointed on 3 January 2020 and resigned on 10 April 2020)

Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
(Independent & Non-Executive Director)
(Resigned on 1 May 2019)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. Remuneration of Directors and Senior Management

Directors' Remuneration

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

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

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

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 2019 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and * Other emoluments (RM)	Fees (RM)	Salaries and * Other emoluments (RM)
Tan Sri Dato' Sri Rodzali Bin Daud	180,000	27,000	180,000	27,000
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	Nil	1,098,400	Nil	1,098,400
Mohd Shihabuddin Bin Mukhtar	60,000	14,000	60,000	14,000
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid (resigned on 1 May 2019)	20,000	7,500	20,000	7,500
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	60,000	21,500	60,000	21,500
Dato' Che Sulaiman Bin Shapie	120,000	20,500	120,000	20,500
Abdul Rahman Bin Mohamed Rejab	Nil	286,816	Nil	286,816
Ismail Bin Mustaffa	Nil	486,400	Nil	486,400

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration of Senior Management

The aggregate remuneration paid to the Senior Management of the Group during the financial year ended 31 December 2019 analysed into bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001 to RM150,000	2
RM150,001 to RM200,000	3
RM200,001 to RM250,000	3
RM250,001 to RM300,000	4
RM300,001 to RM350,000	0
RM350,001 to RM400,000	1
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.

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

8. Audit Committee

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

Chairperson of Audit Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman, who is an Independent & Non-Executive Director, is the Chairperson of the Audit Committee. She is a member of Malaysian Institute of Accountants. The Chairperson of Audit Committee is not the Chairman of the Board as complied with the Practice 8.1 of the MCCG which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

Composition of the Audit Committee

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

Chairperson
Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman
(Independent & Non-Executive Director)
(Re-designated from member of the Audit Committee to Chairperson of the Audit Committee on 3 January 2020)

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

Past member
Mohd Noor Bin Hussen
(Independent & Non-Executive Director)
(Appointed on 3 January 2020 and resigned on 10 April 2020)

Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
(Independent & Non-Executive Director)
(Resigned on 1 May 2019)

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

Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of Suitability and Independence of External Auditors

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

From time to time, the External Auditors highlight to the 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 assessing or determining 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 AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM 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 Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the 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 2019.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to this, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2020.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. RISK MANAGEMENT COMMITTEE ("RMC")

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

Chairman
Tan Sri Dato' Sri Rodzali Bin Daud
(Independent & Non-Executive Chairman)

Members
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Independent & Non-Executive Director)

Abdul Rahman Bin Mohamed Rejab
(Executive Director)

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

Effective Risk Management and Internal Control Framework

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

10. Internal Audit Function

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

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

Compliance with Applicable Financial Reporting Standards

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

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2019 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Besides 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 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 of the Board or the President & 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 endeavors to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

PART II – CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholders' Participation at General Meeting

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

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

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

Attendance of Directors at General Meetings

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

At the Fifteenth (15th) AGM of the Company held on 28 May 2019, all the Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

This Statement is made in accordance with the resolution of the Board dated 19 June 2020.

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

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2019, 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

On 30 December 2019, the Company had completed with the listing and quotation of 25,000,000 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad for the first tranche of the 20% Private Placement at an issue price of RM0.2172.

The total proceeds received from the first tranche of the 20% Private Placement was RM5,430,000.00 and the status of the utilisation of proceeds is as follows:

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)	Intended Timeframe for utilization
Repayment of bank borrowings	21,000,000	5,150,000	Within 2 months
Working capital:			
- Existing project	22,000,000	-	Within 6 months
- New projects	1,000,000	-	Within 24 months
- General requirements	773,982	-	Within 24 months
Estimated expenses in relation to the Proposed Private Placement	280,000	280,000	Within 1 month
Total	**45,053,982**	**5,430,000**	

Audit and Non-Audit Fees Paid to External Auditors

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 2019 were as follows:

		Company (RM)	Group (RM)
Audit Services Rendered		105,000	798,419
Non-Audit Services Rendered			
(a)	Review of Statement on Risk Management and Internal Control	5,000	5,000

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 39 to the audited consolidated financial statements on page 178 and 179 of this Annual Report, there were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2019.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code 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 established the RMC with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Corrective Actions

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

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

Internal Audit Responsibility

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the company's operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of 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 2019 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 & 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.

AUDIT COMMITTEE REPORT

Composition

The present members of the Audit Committee comprise the following:

Chairperson
Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman
(Independent & Non-Executive Director)

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

Past member
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
(Independent & Non-Executive Director)
(Resigned on 1 May 2019)

Mohd Noor Bin Hussen
(Independent & Non-Executive Director)
(Appointed on 3 January 2020 and resigned on 10 April 2020)

From 1 January 2019 until 30 April 2019, the composition of the Audit Committee met the requirement of Paragraph 15.09 of the Listing Requirements of Bursa Securities, comprises of not fewer than 3 members.

On 1 May 2019, Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid resigned as the Chairman of the Audit Committee of the Company. Hence, the composition of the Audit Committee fell below 3 members pursuant to Paragraph 15.09(1)(a) of the Listing Requirements of Bursa Securities.

From thereon, the Company had obtained several approval from Bursa Securities for an extension of time up to 15 January 2020 to comply with Paragraphs 15.09(1)(a) and 15.10 of the Listing Requirements of Bursa Securities.

On 3 January 2020, the composition of the Audit Committee complied with the Paragraphs 15.09(1)(a) and 15.10 of the Listing Requirements of Bursa Securities after the re-designation of Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman as Chairperson of the Audit Committee and the appointment of Mohd Noor Bin Hussen as member of the Audit Committee respectively.

Attendance

The Audit Committee held five (5) meetings during the financial year ended 31 December 2019. The details of attendance of the Audit Committee members are as follows:

Name of Directors	No. of meetings attended
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman**	5/5
Dato' Che Sulaiman Bin Shapie	5/5
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	2/2

*** Member of Malaysian Institute of Accountants*

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.

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 of this Annual Report.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2019 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 2019 covering areas such as caliber, 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; and
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.

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 5 professional staff and it is led by Encik Shamsudin Bin Hoosian as the Group Chief Internal Auditor appointed on 9 March 2020. Mr Shamsudin holds a Bachelor's Degree in Accountancy from UITM, and also a Certified Banking Auditor ("CBA"), Qualified Risk Auditor ("QRA"), Certified Internal Auditor for Financial Institutions ("CIAFIN"), Certified Credit Professionals ("CCP"), Certified in Shariah Concept and Islamic Banking and Certified Risk Professionals ("CRP"). 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 RM224,309.33.

During the financial year under review, the following activities were carried out by the internal audit department in discharging its responsibilities.Summary of Activities of the Internal Audit Function:

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6 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 loss for the financial year	249,535,322	29,486,823
Attributable to:		
Owners of the Parent	247,822,866	29,486,823
Non-controlling interests	1,712,456	-
	249,535,322	29,486,823

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 Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued 25,000,000 new ordinary shares through first tranche of private placement at issue price of RM0.2172 for a total cash consideration of RM5,430,000 for working capital purposes.

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to Employee Share Option Scheme ("ESOS").

Employee 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 24 to the financial statements.

Directors

The Directors in office since the beginning of 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 *
Ismail Bin Mustaffa *
Mohd Shihabuddin Bin Mukhtar
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid (resigned on 1.5.2019)
Mohd Noor Bin Hussen (appointed w.e.f. 3.1.2020, resigned on 10.4.2020)

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

Othman Bin Ahmad
Hasbullah Bin Hassin
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
Bernard Johan Te Beek
Phuah Hooi Ean
Dato' Abd Aziz Bin Sheikh Fadzir
Christopher John Wright
Dato' Mohd Zaihan Bin Mohd Zain ^
Dr. Ir. Samad Bin Solbai ^
Shirad Bin Anuar ^

** Director of the Company and its subsidiaries*
^ Appointed 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' REPORT

Directors' Interests in Shares

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:

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interests in the Company				
Direct Interests				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	83,126,500	-	-	83,126,500
Ismail Bin Mustaffa	640,000	-	-	640,000
Abdul Rahman Bin Mohamed Rejab	100,000	-	-	100,000
Indirect Interests				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman ^	228,715,412	100,931,033	(98,760,000)	230,886,445

^ *deemed interests under Section 8 of the Companies Act, 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., Mazer Sdn. Bhd., R Capital Sdn. Bhd. and Utrasama Marine 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 during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 39(c) 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 RM13,790 respectively. No indemnity was given to or insurance effected for auditors of the Company.

DIRECTORS' REPORT

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 the 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 liability 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 its obligations as and when they fall due;

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

(iii) there has not arisen in the interval between the end of the financial 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.

Subsequent Events

The details of the subsequent events are disclosed in Note 43 to the financial statements.

DIRECTORS' REPORT

Subsidiaries

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

Auditors' Remuneration

The details of the auditors' remuneration are set out in Note 34 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 June 2020.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	ABDUL RAHMAN BIN MOHAMED REJAB

SHAH ALAM

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 096 to 202 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 2019 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 June 2020.

DATO' ROZABIL @ ROZAMUJIB BIN
ABDUL RAHMAN

ABDUL RAHMAN BIN
MOHAMED REJAB

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 096 to 202 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 June 2020)

ARIS KEFLI BIN MOHAMAD YUSOF

Before me,

Mohan A.S. Maniam
No. W710

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 2019 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 096 to 202.

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 2019, and of their financial performance and their cash flows for the 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 Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants *("By-Laws") and the International Ethics Standards Board for Accountants' 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 judgement, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

Key Audit Matters

Impairment assessment on goodwill

The Group has goodwill amounting to RM105,414,020 as at 31 December 2019.

The Company carries out annual impairment test by comparing the recoverable amount of cash generating unit ("CGU") based on value in use method and the carrying amounts.

The impairment tests were significant to our audit due to the complexity of the assessment process involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. for value in use of CGU based on future discounted cash flows.

How we addressed the key audit matters

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

- Examining management's cash flows forecast that support the impairment assessment;
- Assessing the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results;
- Assessing the key assumptions on which the cash flows projections are based, by amongst others, comparing them against business plans, contracts with customers, historical results and market data;
- Evaluating the reasonableness and consistency of key assumptions and inputs used in cash flow projection to available external industry sources of data;
- Performing sensitivity analysis to stress test the key assumptions and inputs used in the impairment assessment; and
- Assessing the adequacy and reasonableness of the disclosures in the financial statements.

Key Audit Matters

Recognition of revenue and cost of long term contract

The Group recognises revenue and profits derived from long term contract which span more than one accounting period over time using the stage of completion method. As at 31 December 2019, the revenue arising from the long term contracts represents approximately 43% of the total Group's revenue.

The stage of completion is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost).

We focused on this area because the management applies significant judgement and estimates in determining the stage of completion, the extent of costs incurred and contract costs yet to be incurred, the estimated total revenue and cost for contract.

How we addressed the key audit matters

Our audit procedures included, amongst others:

- Reading all key contracts to obtain an understanding of the specific terms and conditions;
- Reviewing management's workings on the computation of percentage-of-completion and compared the engineers' reports and contractors' claims and certificates against stage of completion to ascertain the reasonableness of the amounts of revenue and cost recognised in the profit or loss;
- Evaluating the reasonableness of the estimated total cost and cost allocation for contract in light of supporting evidence such as letters of award, approved purchase orders, quotations, tender documents and variation orders, if any;
- Agreeing a sample of costs incurred to date to invoice and/ or progress claim and assessing the adequacy of accruals of costs made; and
- Assessing the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

Key Audit Matters	How we addressed the key audit matters

Impairment on trade receivables
 	
The Group's trade receivables amounting to RM210,802,740 represents approximately 36% of the Group's total assets as at 31 December 2019.
 	
The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical trend in bad payment, customer concentration, customer creditworthiness and customer payment terms and adjusted for forward looking macro economic factors.
	Our audit procedures included, amongst others, the following:
	
	• Understanding on the procedures of the Group:-
	  • the Group's identification, monitoring and assessment on the impairment of receivables; and
	  • the Group's basis and justification in making accounting estimates for impairment;
	
	• 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;
	
	• Understanding of significant credit exposures which were significantly overdue or deemed to be in default; and
	
	• 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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 would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 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 WAN YINN
Approved Number: 03262/04/2021 J
Chartered Accountant

KUALA LUMPUR
19 June 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
			(Restated)		
Assets					
Non-Current Assets					
Property, plant and equipment	4	88,509,075	108,087,938	24,493,910	27,407,948
Right-of-use assets	5	38,459,391	-	757,772	-
Investment in subsidiaries	6	-	-	99,022,212	99,722,218
Investment in associates	7	-	-	-	-
Investment in joint ventures	8	-	184,740	-	-
Investment in securities	9	430,134	1,136,660	430,134	1,136,660
Intangible assets	10	107,044,028	204,722,466	-	-
Land use rights	11	-	1,634,283	-	-
Other receivables	12	4,926,619	12,910,389	-	12,910,389
Other investment	13	320,000	320,000	150,000	150,000
		239,689,247	328,996,476	124,854,028	141,327,215
Current Assets					
Inventories	14	13,494,399	11,662,958	-	-
Contract assets	15	17,513,244	49,775,224	-	-
Trade receivables	16	210,802,740	264,076,910	-	-
Other receivables	12	68,696,787	70,095,825	947,458	5,157,028
Amount due from subsidiaries	17	-	-	266,792,869	283,981,456
Amount due from joint ventures	18	500,000	693,952	-	-
Amount due from a associate company	19	6,247,881	6,961,088	-	-
Tax recoverable		1,942,878	1,140,729	-	-
Fixed deposits with licensed banks	20	16,823,199	32,130,418	-	-
Cash and bank balances	21	9,658,432	28,018,043	126,815	2,105,872
		345,679,560	464,555,147	267,867,142	291,244,356
Total Assets		585,368,807	793,551,623	392,721,170	432,571,571

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
			(Restated)		
Equity					
Share capital	22	388,236,871	382,806,871	388,236,871	382,806,871
Foreign currency translation reserve	23	5,542,551	12,357,852	-	-
(Accumulated losses) / Retained earnings		(136,084,053)	111,859,274	(35,011,905)	(5,525,082)
Equity attributable to owners of the parent		257,695,369	507,023,997	353,224,966	377,281,789
Non-controlling interests		(2,142,750)	(453,093)	-	-
Total Equity		255,552,619	506,570,904	353,224,966	377,281,789
Liabilities					
Non-Current Liabilities					
Finance lease liabilities	25	-	1,527,053	-	-
Lease liabilities	26	14,618,524	-	-	-
Bank borrowings	27	10,173,259	115,611,436	8,562,088	34,177,824
Deferred tax liabilities	28	2,827,745	5,479,741	-	25,093
Redeemable preference shares	29	-	1,346,903	-	-
Other payables	31	394,228	-	-	-
		28,013,756	123,965,133	8,562,088	34,202,917
Current Liabilities					
Contract liabilities	15	6,245,280	6,477,984	-	-
Trade payables	30	81,737,832	70,315,266	-	-
Other payables	31	79,741,657	40,438,246	2,494,018	471,578
Amount due to subsidiaries	17	-	-	11,915,675	13,089,971
Finance lease liabilities	25	-	920,463	-	-
Lease liabilities	26	6,797,863	-	-	-
Bank borrowings	27	104,575,429	20,490,158	15,984,411	4,092,848
Redeemable preference shares	29	1,350,901	-	-	-
Tax payable		21,353,470	24,373,469	540,012	3,432,468
		301,802,432	163,015,586	30,934,116	21,086,865
Total Liabilities		329,816,188	286,980,719	39,496,204	55,289,782
Total Equity and Liabilities		585,368,807	793,551,623	392,721,170	432,571,571

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 2019

	Note	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Revenue	32	297,736,809	418,047,562	2,825,000	11,313,050
Cost of sales		(280,845,391)	(302,558,071)	-	-
Gross profit		16,891,418	115,489,491	2,825,000	11,313,050
Other income		4,553,685	4,527,815	692,492	3,494,276
Administrative expenses		(97,391,270)	(104,692,682)	(14,347,353)	(16,683,343)
Net impairment losses on receivables		(58,174,680)	(1,647,491)	(16,968,990)	-
Net impairment losses on intangible assets, property, plant and equipment and other assets		(93,690,627)	-	(700,006)	-
Finance costs	33	(23,247,966)	(3,330,608)	(448,075)	(3,161,529)
Share of results of associate and joint ventures		(184,740)	(612,030)	-	-
(Loss)/Profit before tax	34	(251,244,180)	9,734,495	(28,946,932)	(5,037,546)
Taxation	35	1,708,858	(7,408,929)	(539,891)	(801,186)
(Loss)/Profit for the financial year		(249,535,322)	2,325,566	(29,486,823)	(5,838,732)
Other comprehensive (loss)/income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(6,792,502)	218,584	-	-
Other comprehensive (loss)/income for the financial year		(6,792,502)	218,584	-	-
Total comprehensive (loss)/income for the financial year		(256,327,824)	2,544,150	(29,486,823)	(5,838,732)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(247,822,866)	1,774,613	(29,486,823)	(5,838,732)
Non-controlling interests		(1,712,456)	550,953	-	-
		(249,535,322)	2,325,566	(29,486,823)	(5,838,732)
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the parent		(254,632,342)	1,976,223	(29,486,823)	(5,838,732)
Non-controlling interests		(1,695,482)	567,927	-	-
		(256,327,824)	2,544,150	(29,486,823)	(5,838,732)
(Loss)/Earnings per share					
Basic (Loss)/Earnings per share (sen)	36	(21.45)	0.15		
Diluted (Loss)/Earnings per share (sen)	36	(21.45)	0.15		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to Owners of the Parent					
		Non-Distributable		Distributable			
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2019		382,806,871	12,357,852	111,859,274	507,023,997	(453,093)	506,570,904
Effect of adopting MFRS 16		-	-	(120,461)	(120,461)	-	(120,461)
At 1 January 2019, as restated		382,806,871	12,357,852	111,738,813	506,903,536	(453,093)	506,450,443
Loss for the financial year		-	-	(247,822,866)	(247,822,866)	(1,712,456)	(249,535,322)
Exchange translation differences for foreign operations		-	(6,815,301)	-	(6,815,301)	22,799	(6,792,502)
Total comprehensive loss for the financial year		-	(6,815,301)	(247,822,866)	(254,638,167)	(1,689,657)	(256,327,824)
Transaction with owners:							
Private shares placement	22	5,430,000	-	-	5,430,000	-	5,430,000
At 31 December 2019		388,236,871	5,542,551	(136,084,053)	257,695,369	(2,142,750)	255,552,619

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Attributable to Owners of the Parent					
		Non-Distributable		Distributable			
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2018		382,806,871	12,156,242	113,186,371	508,149,484	(2,851,194)	505,298,290
Effect of adopting MFRS 9		-	-	(1,271,536)	(1,271,536)	-	(1,271,536)
At 1 January 2018, as restated		382,806,871	12,156,242	111,914,835	506,877,948	(2,851,194)	504,026,754
Profit for the financial year		-	-	1,774,613	1,774,613	550,953	2,325,566
Exchange translation differences for foreign operations		-	201,610	-	201,610	16,974	218,584
Total comprehensive income for the financial year		-	201,610	1,774,613	1,976,223	567,927	2,544,150
Transactions with owners:							
Acquisition of additional interest from non-controlling interest		-	-	(1,830,174)	(1,830,174)	1,830,174	-
At 31 December 2018		382,806,871	12,357,852	111,859,274	507,023,997	(453,093)	506,570,904

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Attributable to Owners of the Parent		
		Non-Distributable	Distributable	
	Note	Share Capital RM	(Accumulated Losses)/ Retained Earnings RM	Total Equity RM
Company				
At 1 January 2019		382,806,871	(5,525,082)	377,281,789
Loss for the financial year, representing total comprehensive loss for the financial year		-	(29,486,823)	(29,486,823)
Transaction with owners:				
Issue of ordinary shares:				
-private shares placement	22	5,430,000	-	5,430,000
Total transactions with owners		5,430,000	-	5,430,000
At 31 December 2019		388,236,871	(35,011,905)	353,224,966
At 1 January 2018		382,806,871	313,650	383,120,521
Loss for the financial year, representing total comprehensive loss for the financial year		-	(5,838,732)	(5,838,732)
At 31 December 2018		382,806,871	(5,525,082)	377,281,789

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
			(Restated)		
Cash Flows From Operating Activities					
(Loss)/Profit before tax		(251,244,180)	9,734,495	(28,946,932)	(5,037,546)
Adjustments for:					
Amortisation of intangible assets	10	2,124,713	2,149,534	-	-
Amortisation of land use right		-	38,683	-	-
Bad debts written off		182,208	109,478	-	-
Depreciation of property, plant and equipment	4	12,507,612	12,737,834	2,263,129	2,031,971
Depreciation of right-of-use assets	5	7,473,287	-	8,509	-
Fair value adjustment on investment in securities		(354,584)	657,260	(354,584)	657,260
Gain on disposal of property, plant and equipment		(133,885)	(165,536)	-	-
Intangible assets written off		4,672,710	-	-	-
Impairment loss on:					
- Trade receivables		42,468,364	1,328,069	-	-
- Other receivables		17,017,838	338,290	16,968,990	-
- Investment in subsidiaries		-	-	700,006	-
- Intangible assets		91,681,464	-	-	-
- Property, plant and equipment		1,998,229	-	-	-
- Right of use assets		10,934	-	-	-
Interest expense		23,247,966	3,330,608	448,075	3,161,529
Interest income		(504,701)	(1,588,944)	-	(3,145,993)
Inventories written off		13,194	-	-	
Property, plant and equipment written off		1	30,760	-	-
Reversal of impairment loss on - trade receivables		(1,311,522)	(18,868)	-	-
Share of results of associates and joint venture		184,740	612,030	-	-
Unrealised loss/(gain)on foreign exchange		198,061	(85,839)	-	-
Operating (loss)/profit before working capital changes		(49,767,551)	29,207,854	(8,912,807)	(2,332,779)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
			(Restated)		
Changes in working capital:					
Inventories		(1,844,635)	1,349,562	-	-
Contract assets/liabilities		32,029,276	(50,723,194)	-	-
Receivables		5,009,188	108,258,014	150,969	(1,191,056)
Payables		50,725,977	(17,313,866)	2,022,440	(1,235,179)
		85,919,806	41,570,516	2,173,409	(2,426,235)
Cash generated from/(used in) operations		36,152,255	70,778,370	(6,739,398)	(4,759,014)
Interest received		504,701	1,588,944	-	3,145,993
Interest paid		(23,247,966)	(3,330,608)	(448,075)	(3,161,529)
Tax refunded		95,872	2,403,111	-	-
Tax paid		(2,974,882)	(4,865,783)	(3,457,440)	(693,417)
		(25,622,275)	(4,204,336)	(3,905,515)	(708,953)
Net cash from/(used in) operating activities		10,529,980	66,574,034	(10,644,913)	(5,467,967)
Cash Flows From Investing Activities					
Advance to subsidiaries		-	-	17,188,587	16,739,550
Advance to associate and joint venture		-	450,960	-	-
Purchase of property, plant and equipment	4	(17,554,429)	(12,645,719)	(115,372)	(3,035,705)
Proceeds from disposal of a property, plant and equipment		3,741,155	277,178	-	-
Proceeds from disposal of investment in securities		1,061,110	130,061	1,061,110	130,061
Investment in joint ventures	8	-	(796,770)	-	-
Acquisition of a subsidiary		-	-	-	(1)
Addition to intangible assets	10	(784,557)	(1,099,348)	-	-
Net cash (used in)/from investing activities		(13,536,721)	(13,683,638)	18,134,325	13,833,905

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
			(Restated)		
Cash Flows From Financing Activities					
(Repayment to)/Advance from subsidiaries		-	-	(1,174,296)	13,089,971
Repayment to a Director		-	(1,500,000)	-	-
Drawdown of term loans		4,310,000	2,215,559	-	-
Repayment of term loans		(22,931,203)	(27,001,993)	(13,724,173)	(19,676,990)
Repayment of lease liabilities		(7,013,080)	(759,661)	-	(10,700)
Changes in trust receipts		(3,057,913)	(15,622,788)	-	-
Proceeds from private placement	22	5,430,000	-	5,430,000	-
Decrease in deposits pledged to licensed banks		13,190,901	11,226,039	-	-
Net cash used in financing activities		(10,071,295)	(31,442,844)	(9,468,469)	(6,597,719)
Net increase/(decrease) in cash and cash equivalents		(13,078,036)	21,447,552	(1,979,057)	1,768,219
Effect of exchange translation difference		(7,724,053)	(2,767,218)	-	-
Cash and cash equivalents at the beginning of the financial year		29,582,163	10,901,829	2,105,872	337,653
Cash and cash equivalents at the end of the financial year		8,780,074	29,582,163	126,815	2,105,872
Cash and cash equivalents at the end of the financial year comprise:					
Cash and bank balances		9,658,432	28,018,043	126,815	2,105,872
Fixed deposits with licensed banks		16,823,199	32,130,418	-	-
Bank overdrafts	27	(1,259,390)	(933,180)	-	-
		25,222,241	59,215,281	126,815	2,105,872
Less: Fixed deposits pledged with licensed banks		(16,442,167)	(29,633,068)	-	-
Cash at bank pledged with licensed banks		-	(50)	-	-
		8,780,074	29,582,163	126,815	2,105,872

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

1. Corporate Information

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

The registered office and the principal place of business of the Company is located at No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40148 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6. 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 new and amendments to MFRSs, interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015 – 2017 Cycle	Amendments to MFRS 3
	Amendments to MFRS 11
	Amendments to MFRS 112
	Amendments to MFRS 123

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

MFRS 16 Leases

MFRS 16 , which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives and* IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 Leases (Cont'd)

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 Leases are no longer required. MFRS 16 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 ("ROU") 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 ROU 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 statements of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable 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.

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- The Group and the Company do not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group and the Company use hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification and prepaid lease payments (or land use rights) have been reclassified to ROU assets on 1 January 2019 for the Group and for the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 Leases (Cont'd)

Impact arising from the adoption of MFRS 16 on the financial statements:

	As at 1 January, previously stated	MFRS 16 adjustments	As at 1 January, restated
	RM	RM	RM
Group			
Property, plant and equipment	108,087,938	(18,917,902)	89,170,036
Right-of-use assets	-	38,145,281	38,145,281
Finance lease payables	(2,447,516)	2,447,516	-
Lease liabilities	-	(21,795,356)	(21,795,356)
Retained earnings	(111,859,274)	120,461	(111,738,813)
Company			
Property, plant and equipment	27,407,948	(766,281)	26,641,667
Right-of-use assets	-	766,281	766,281

The weighted average incremental borrowing rates applied to lease liabilities on 1 January 2019 were 5.00% and 5.50%.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, 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
Amendments to Reference to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to MFRS 16 Amendments to MFRS 141	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

The assessment on the effects and impact of the adoption of above new standard, amendments to published standards and interpretation is still being assessed but the management does not expect the initial application of the above mentioned MFRSs to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

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

The Group recognises revenue over time in the following circumstances:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

<u>Determining the lease term of contracts with renewal and termination options - as lessee</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

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

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

Determining the lease term of contracts with renewal and termination options - as lessee (Cont'd)

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

Key sources of estimation uncertainty

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

Useful lives / depreciation of property, plant and equipment and right-of-use ("ROU") assets (Note 4 and Note 5)

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

Impairment of goodwill on consolidation

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

Impairment of intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory. Details of inventories are disclosed in Note 14.

Determination of transaction prices

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

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

Impairment of property, plant and equipment and right-of-use ("ROU") assets

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

Provision for expected credit loss of financial assets at amortised cost

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

The carrying amounts at the reporting date for receivables are disclosed in Notes 12, 16, 17, 18 and 19 respectively.

Revenue from construction contracts

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

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Revenue from construction contracts (Cont'd)

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on technical milestone defined under the contract and take into account the nature of activities and its associated risks.

The details of construction contracts are disclosed in Note 15.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 28.

Income taxes

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

The Group and the Company recognize 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 2019, the Group has tax recoverable of RM1,942,878 (2018: RM1,140,729) and tax payable of RM21,353,470 (2018: RM24,373,469) respectively. The Company has tax payable of RM540,012 (2018: RM3,432,468).

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

Impairment of investment in subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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) Goodwill on consolidation

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

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

(b) Investments in associate and joint venture

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

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

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

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

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

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

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

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

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation

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

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

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

Policy applicable from 1 January 2019

(i) As lessee

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

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

Buildings	50 years or over the lease term, if shorter
Leasehold land and properties	Over the remaining lease period
Land use rights	Over the remaining lease period
Warehouse, office and apartments	1 - 6 years
Machinery and equipment	1 - 20 years
Motor vehicles	1 - 10 years

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

Policy applicable from 1 January 2019 (Cont'd)

(i) As lessee (Cont'd)

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

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

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

(ii) As lessor

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

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

Policy applicable before 1 January 2019

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.

As lessee

(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 and the company do 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 prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

3. 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 internally-generated 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(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiaries, associate company and joint venture, deposits, cash and bank balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

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

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(j) Offsetting of financial instruments

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

(l) Construction contracts

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

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

Contract asset under current assets in the statements of financial position is the right to consideration for goods or services transferred to the customers where contract liability under current liabilities in the statements of financial position is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

When there is objective evidence of impairment, the amount of impairment is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

The Group presents as contract asset when the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs exceed costs incurred plus recognised profits (less recognised losses).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(n) Impairment of assets

(i) Non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

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

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

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

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

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

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(i) Financial assets (Cont'd)

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(o) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is 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.

(p) Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Equity-settled share-based payment transaction

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

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

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

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group or the Company satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from construction contracts and project works

The Group recognises revenue from construction contracts and project works over time by reference to the progress towards complete satisfaction at the end of the reporting period when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts and project works is measured at the transaction price agreed under the construction contracts and project works.

Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services. The progress towards complete satisfaction of the performance obligations under the construction contract is based on technical milestone defined under the contract and taken into account the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(p) to the financial statements.

(b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer which is at point in time upon the delivery of goods to the customers and customer acceptance, recovery of the consideration is probable and unconditional, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. No significant element of financing is deemed present as the sales are made with a credit terms ranging from 1 to 90 days which are consistent with market practice.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Management fee

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

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for 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.

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

(t) Income taxes (Cont'd)

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.

(u) Segments reporting

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

(v) Contingencies

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

(w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

4. Property, Plant and Equipment

	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2019										
At cost										
At 1 January 2019	12,063,260	15,876,176	16,338,259	1,945,107	6,708,876	77,177,615	8,868,427	34,803,964	3,378,100	177,159,784
Effect of adopting MFRS 16	-	(6,144,006)	(12,795,608)	-	-	(90,500)	(5,118,746)	-	-	(24,148,860)
At 1 January 2019, restated	12,063,260	9,732,170	3,542,651	1,945,107	6,708,876	77,087,115	3,749,681	34,803,964	3,378,100	153,010,924
Additions	-	-	-	39,888	302,752	6,025,214	358,704	10,637,070	190,801	17,554,429
Disposals	-	-	-	-	-	(4,178,597)	(466,418)	-	-	(4,645,015)
Written off	-	-	-	-	-	-	-	-	(3,678)	(3,678)
Exchange differences	-	-	(84,405)	(229,156)	(2,052,808)	2,147,702	(16,244)	(7,228)	(2,447)	(244,586)
At 31 December 2019	12,063,260	9,732,170	3,458,246	1,755,839	4,958,820	81,081,434	3,625,723	45,433,806	3,562,776	165,672,074
Accumulated depreciation										
At 1 January 2019	-	1,802,427	1,999,583	1,007,642	4,473,185	39,620,778	6,597,982	11,164,005	2,406,244	69,071,846
Effect of adopting MFRS 16	-	(703,804)	(541,695)	-	-	(39,217)	(3,946,242)	-	-	(5,230,958)
At 1 January, restated	-	1,098,623	1,457,888	1,007,642	4,473,185	39,581,561	2,651,740	11,164,005	2,406,244	63,840,888
Charge for the financial year	-	159,641	259,732	64,997	656,876	6,725,402	262,867	4,142,406	235,691	12,507,612
Disposals	-	-	-	-	-	(445,312)	(592,433)	-	-	(1,037,745)
Written off	-	-	-	-	-	-	-	-	(3,677)	(3,677)
Exchange differences	-	158,254	(192,613)	(545,487)	(2,349,520)	2,703,347	408,324	(364,921)	40,308	(142,308)
At 31 December 2019	-	1,416,518	1,525,007	527,152	2,780,541	48,564,998	2,730,498	14,941,490	2,678,566	75,164,770

NOTES TO THE FINANCIAL STATEMENTS

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

	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2019										
Balance brought forward	12,063,260	8,315,652	1,933,239	1,228,687	2,178,279	32,516,436	895,225	30,492,316	884,210	90,507,304
Accumulated impairment										
At 1 January 2019	-	-	-	-	-	-	-	-	-	-
Impairment during the financial year	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
At 31 December 2019	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
Carrying amount										
At 31 December 2019	12,063,260	8,315,652	1,933,239	1,082,058	2,104,751	30,738,364	895,225	30,492,316	884,210	88,509,075

NOTES TO THE FINANCIAL STATEMENTS

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

	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
Group										
2018										
At cost										
At 1 January 2018	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
Additions	-	-	13,057	289,470	1,460,742	4,624,104	425,083	6,222,194	353,396	13,388,046
Disposals	-	-	-	-	(47,398)	(39,481)	(498,300)	(987)	-	(586,166)
Written off	-	-	-	-	(49,088)	(14,444)	-	-	-	(63,532)
Exchange differences	-	-	(113,743)	(11,467)	(5,851)	586,300	(8,836)	9,528	-	455,931
At 31 December 2018	12,063,260	15,876,176	16,338,259	1,945,107	6,708,876	77,177,615	8,868,427	34,803,964	3,378,100	177,159,784
Accumulated depreciation										
At 1 January 2018	-	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
Charge for the financial year	-	444,777	325,128	94,111	501,414	6,320,633	1,143,088	3,585,453	323,230	12,737,834
Disposals	-	-	-	-	(17,646)	(31,100)	(425,778)	-	-	(474,524)
Written off	-	-	-	-	(30,032)	(2,740)	-	-	-	(32,772)
Exchange differences	-	-	(38,420)	532	(8,198)	(122,842)	(16,846)	1,192	-	(184,582)
At 31 December 2018	-	1,802,427	1,999,583	1,007,642	4,473,185	39,620,778	6,597,982	11,164,005	2,406,244	69,071,846
Carrying amount										
At 31 December 2018	12,063,260	14,073,749	14,338,676	937,465	2,235,691	37,556,837	2,270,445	23,639,959	971,856	108,087,938

NOTES TO THE FINANCIAL STATEMENTS

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

	Freehold land	Buildings	Leasehold industrial land	Furniture and fittings	Office equipment	Renovation	Computers and software	Machinery and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company									
2019									
At cost									
At 1 January 2019	11,713,260	9,402,170	842,459	162,217	288,873	11,923,220	761,057	36,040	35,129,296
Effect of adoption MFRS 16	-	-	(842,459)	-	-	-	-	-	(842,459)
At 1 January 2019, restated	11,713,260	9,402,170	-	162,217	288,873	11,923,220	761,057	36,040	34,286,837
Additions	-	-	-	12,920	38,930	50,060	13,462	-	115,372
At 31 December 2019	11,713,260	9,402,170	-	175,137	327,803	11,973,280	774,519	36,040	34,402,209
Accumulated depreciation									
At 1 January 2019	-	1,202,608	76,178	46,240	83,793	5,593,977	702,936	15,616	7,721,348
Effect of adoption MFRS 16	-	-	(76,178)	-	-	-	-	-	(76,178)
At 1 January 2019, restated	-	1,202,608	-	46,240	83,793	5,593,977	702,936	15,616	7,645,170
Charge for the financial year	-	253,132	-	17,449	32,132	1,907,884	45,324	7,208	2,263,129
At 31 December 2019	-	1,455,740	-	63,689	115,925	7,501,861	748,260	22,824	9,908,299
Carrying amount									
At 31 December 2019	11,713,260	7,946,430	-	111,448	211,878	4,471,419	26,259	13,216	24,493,910

NOTES TO THE FINANCIAL STATEMENTS

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

	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
Company									
2018									
At cost									
At 1 January 2018	11,713,260	9,402,170	842,459	103,592	288,873	8,966,843	740,354	36,040	32,093,591
Additions	-	-	-	58,625	-	2,956,377	20,703	-	3,035,705
At 31 December 2018	11,713,260	9,402,170	842,459	162,217	288,873	11,923,220	761,057	36,040	35,129,296
Accumulated depreciation									
At 1 January 2018	-	949,474	67,669	33,863	54,905	3,970,172	604,886	8,408	5,689,377
Charge for the financial year	-	253,134	8,509	12,377	28,888	1,623,805	98,050	7,208	2,031,971
At 31 December 2018	-	1,202,608	76,178	46,240	83,793	5,593,977	702,936	15,616	7,721,348
Carrying amount									
At 31 December 2018	11,713,260	8,199,562	766,281	115,977	205,080	6,329,243	58,121	20,424	27,407,948

NOTES TO THE FINANCIAL STATEMENTS

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 27 are:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Freehold land	12,063,260	12,063,260	11,713,260	11,713,260
Buildings	8,315,652	14,073,749	7,946,430	8,199,562
Leasehold properties and industrial land	1,933,239	14,338,676	-	766,281
	22,312,151	40,475,685	19,659,690	20,679,103

As at 31 December 2019, the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 55 years and 87 years, which are expired on 2073 and 2105 respectively.

Following the adoption of MFRS 16 on 1 January 2019, the Group and the Company had reclassified the carrying amount of leased assets to ROU assets (Note 5).

(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	
	2019 RM	2018 RM	2019 RM	2018 RM
Aggregate costs	17,554,429	13,388,046	115,372	3,035,705
Less: Finance lease financing	-	(742,327)	-	-
Cash payments	17,554,429	12,645,719	115,372	3,035,705

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Motor vehicles	-	1,553,972	-	-

NOTES TO THE FINANCIAL STATEMENTS

5. Right-of-Use Assets

Group	Leasehold properties and industrial land	Machinery and Equipment	Motor vehicles	Land right Use	Office and apartments	Total
	RM	RM	RM	RM	RM	RM
2019						
At cost						
At 1 January 2019	-	-	-	1,960,563	-	1,960,563
Effect of adopting MFRS 16	21,068,530	1,937,201	5,417,021	-	15,803,510	44,226,262
At 1 January 2019, restated	21,068,530	1,937,201	5,417,021	1,960,563	15,803,510	46,186,825
Additions	700,003	4,641,510	170,633	-	730,002	6,242,148
Exchange differences	-	-	-	(94,675)	-	(94,675)
At 31 December 2019	21,768,533	6,578,711	5,587,654	1,865,888	16,533,512	52,334,298
Accumulated depreciation						
At 1 January 2019	-	-	-	326,280	-	326,280
Effect of adopting MFRS 16	1,727,377	316,222	4,037,382	-	-	6,080,981
At 1 January 2019, restated	1,727,377	316,222	4,037,382	326,280	-	6,407,261
Charge for the financial year	1,324,951	984,159	757,915	38,139	4,368,123	7,473,287
Exchange differences	-	-	-	(16,575)	-	(16,575)
At 31 December 2019	3,052,328	1,300,381	4,795,297	347,844	4,224,121	13,863,973
Accumulated impairment						
At 1 January 2019	-	-	-	-	-	-
Impairment during the financial year	-	-	10,934	-	-	10,934
At 31 December 2019	-	-	10,934	-	-	10,934
Carrying amount						
At 31 December 2019	18,716,205	5,278,330	781,423	1,518,044	12,165,389	38,459,391

NOTES TO THE FINANCIAL STATEMENTS

5. Right-of-Use Assets (Cont'd)

	At 1 January 2019			Additions	
	Previously stated	Effect of adopting MFRS 16	Restated	Additions	At 31 December 2019
Company	**RM**	**RM**	**RM**	**RM**	**RM**
2019					
At cost					
Leasehold land	-	842,459	842,459	-	842,459

	Accumulated depreciation					
	At 1 January 2019			Additions		
	Previously stated	Effect of adopting MFRS 16	Restated	Additions	At 31 December 2019	Carrying amount
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Company						
2019						
Leasehold land	-	76,178	76,178	8,509	84,687	757,772

The Group and the Company lease machinery and equipment, motor vehicles, office and apartment, leasehold land and properties.

Leasehold properties and industrial land are pledged as securities for bank borrowings as disclosed in Note 27 to the financial statements.

As at 31 December 2019, the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 55 years and 87 years, which are expired on 2073 and 2105 respectively.

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 39 (2018: 40 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Subsidiaries

	Company 2019 RM	Company 2018 RM
In Malaysia:		
At cost		
Unquoted shares	108,125,008	108,125,008
Less: Accumulated impairment losses	(19,150,002)	(18,449,996)
	88,975,006	89,675,012
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	99,022,212	99,722,218

Movement in the allowance for impairment loss are as follows:

	Company 2019 RM	Company 2018 RM
At 1 January	18,449,996	18,449,996
Impairment losses recognised	700,006	-
At 31 December	19,150,002	18,449,996

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Subsidiaries (Cont'd)

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	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	Dormant
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	Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipments
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubular handling, running, repair and maintenance, lease and operate drilling rigs in oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley
Destini Empire Properties Sdn. Bhd.	Malaysia	100	100	Buying, selling, renting and operating of self-owned or leased real estate- non residential buildings
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
Land Auto Technology Sdn. Bhd.	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Subsidiaries (Cont'd)

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Prinsip Pertiwi Sdn. Bhd	Malaysia	100	100	Dormant
Destini First Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Destini Rail Sdn. Bhd.	Malaysia	100	100	Dormant
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	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
Armada Delmar Sdn. Bhd.(formely known as 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	97.95	80	Specialise in aircraft servicing and provide technical ground handling services for commercial airlines
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.	Malaysia	100	100	Dormant
Held through Destini Sdn Bhd				
DLP Rail Sdn. Bhd.	Malaysia	100	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Subsidiaries (Cont'd)

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Held through Destini Armada Pte. Ltd.:				
Vanguarde Pte. Ltd.*	Singapore	100	100	Importer and exporter of life boats and life saving appliances
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
AMS Marine Pte. Ltd.*	Singapore	70	70	Engineering services for marine engine and ship parts
Held through Vanguarde Pte. Ltd.:				
Vanguarde Offshore Pte. Ltd.*	Singapore	100	100	Importer and exporter of marine equipment and accessories
Vanguard Nantong FRP Co. Ltd.*	People Republic of China	100	100	Manufacturing of life boats and life saving appliances
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	100	General merchants and business in oil and gas
Vanguarde Marine Engine Pte. Ltd.*.	Singapore	100	100	Dormant
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Servicing the needs of Shipping and Petroleum Companies and supporting their fleets
Techno Fibre Middle East Marine Services FZE*	United Arab Emirates	100	100	Providing installation & maintenance of marine equipment
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Fabrication and repair of fibre composite boats
Destini Marine Safety Solutions Ltd.*	Scotland	60	60	Technical testing and repair and maintenance of analysis
TF Corp Saudi Arabia Co. Ltd.*	Kingdom of Saudi Arabia	51	51	Providing installation & maintenance of marine equipment
Held through AMS Marine Pte. Ltd.:				
AMS Engineering Solutions Sdn. Bhd.	Malaysia	100	100	Building and repairing of ships, tankers and other ocean-going vessels

** Subsidiaries not audited by UHY*

NOTES TO THE FINANCIAL STATEMENTS

6. Investments 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 2019 %	2018 %	Profit/(Loss) allocated to non-controlling interests 2019 RM	2018 RM	Accumulated non-controlling interests 2019 RM	2018 RM
Detrac Sdn. Bhd.	30	30	(662,329)	(193,595)	(373,673)	288,656
Halaman Optima Sdn. Bhd.	30	30	(739,646)	(51,140)	(360,580)	379,066
Safeair Technical Sdn. Bhd.	2.05	20	(257,031)	(293,492)	(204,558)	52,473
AMS Marine Pte. Ltd.	30	30	753,286	1,060,155	(416,919)	(1,170,205)
THHE Destini Sdn. Bhd.	49	49	(190,214)	(8,766)	(190,214)	-
TF Corp Saudi Co. Ltd	49	49	(178,252)	(211,874)	(178,252)	-
Destini Marine Safety Solutions Ltd.	40	40	(438,255)	(588,448)	(438,255)	-
					(2,162,451)	(450,010)
Individually immaterial subsidiaries with non-controlling interests					19,701	(3,083)
Total non-controlling interests					(2,142,750)	(453,093)

6. **Investments 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.	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
Summarised statements of financial position								
Non-current assets	607,545	845,405	20,747	26,388	5,175,117	3,944,213	12,916,219	1,342,288
Current assets	914,033	2,391,585	119,917,580	122,061,610	1,254,628	8,390,633	30,160,261	9,910,600
Non-current liabilities	-	-	-	(77,540,051)	(4,096,731)	(61,779)	(2,549,026)	(608,417)
Current liabilities	(2,767,156)	(2,274,805)	(121,140,261)	(43,284,395)	(12,407,451)	(9,713,387)	(35,988,506)	(14,545,154)
Net assets/(liabilities)	(1,245,578)	962,185	(1,201,934)	1,263,552	(10,074,437)	2,559,680	4,538,948	(3,900,683)
Summarised statements of profit or loss and other comprehensive income								
Revenue	255,950	2,502,504	-	-	5,961,752	5,400,552	36,510,547	25,388,746
Net (loss)/profit for the financial year	(2,207,763)	(645,319)	(2,465,486)	(17,133)	(12,545,328)	(14,316,683)	2,510,954	3,533,850
Total comprehensive (loss)/income for the financial year	(2,207,763)	(645,319)	(2,465,486)	(17,133)	(12,545,328)	(14,316,683)	2,510,954	3,533,850

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in Subsidiaries (Cont'd)

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

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

	Detrac Sdn. Bhd.		Halaman Optima Sdn. Bhd.		Safeair Technical Sdn. Bhd.		AMS Marine Pte. Ltd.	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Summarised statements of cash flows								
Net cash from/(used in) operating activities	(1,474,212)	(447,847)	3,327,458	7,103	203,647	(7,175,192)	3,345,339	(873,939)
Net cash from/(used in) investing activities	610,235	528,071	-	(4,328,001)	1,498,820	(1,744,318)	11,067,573	(3,445,006)
Net cash from/(used in) financing activities	693,450	107,786	(3,339,933)	3,910,697	(2,185,580)	8,936,717	1,486,403	5,447,863
Net (decrease)/increase in cash and cash equivalents	(170,527)	188,010	(12,475)	(410,201)	(483,113)	17,207	15,899,315	1,128,918

6. Investment in Subsidiaries (Cont'd)

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

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

	THHE Destini Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM
Summarised statements of financial position						
Non-current assets	39,249	44,259	358,636	416,134	177,373	368,626
Current assets	659,418	663,343	898,876	1,772,109	2,272,329	1,739,317
Non-current liabilities	-	-	-	-	(2,026,352)	(1,706,628)
Current liabilities	(461,155)	(81,898)	(1,016,229)	(1,581,586)	(4,451,321)	(3,421,559)
Net assets/(liabilities)	237,512	625,704	241,283	606,657	(4,027,971)	(3,020,244)
Summarised statements of profit or loss and other comprehensive income						
Revenue	86,441,250	138,306,000	-	204,308	6,896,991	4,880,237
Net (loss)/profit for the financial year	(388,192)	(17,889)	(363,779)	(432,396)	(1,095,637)	(1,471,119)
Total comprehensive (loss)/income for the financial year	(388,192)	(17,889)	(367,092)	(432,396)	(1,028,323)	(1,471,119)

6. Investment in Subsidiaries (Cont'd)

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

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

	THHE Destini Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM
Summarised statements of cash flows						
Net cash from/(used in) operating activities	(269,530)	(23,938)	(367,092)	(432,396)	(322,165)	(1,166,687)
Net cash used in investing activities	(331,130)	-	-	-	70,896	(275,303)
Net cash from/(used in) financing activities	268,786	(10,785)	-	-	-	-
Net decrease in cash and cash equivalents	(331,874)	(34,723)	(367,092)	(432,396)	(251,269)	(1,441,990)

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries

During the financial year

On 19 April 2019, Destini Rail Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new wholly-owned subsidiary namely DLP Rail Sdn. Bhd. under the Companies Act, 2016 as a private company limited by shares with 100,000 ordinary shares for total consideration of RM100,000.

The effect of incorporation of subsidiary company did not have any material effect on the financial results and position of the Group.

In previous financial year

On 5 June 2018, the Company incorporated a new wholly-owned subsidiary company at Malaysia with the name Destini Empire Properties Sdn. Bhd. ("DEPSB") with the registered capital of RM1.

Subsequent to the financial year

(i) On 20 February 2020, Destini Armade Pte.Ltd., a wholley-owned subsidiary of the Company, incorporated a 99.99% owned subsidiary company, PT Destini Marina Perkasa, with cash subscription of Indonesian Rupiah 99,999,000 (approximately RM29,500).

(ii) On 20 May 2020, Destini Berhad incorporated a 60% owned subsidiary company, Blackstone Dagangan Pte. Ltd., with cash subscription of Singapore Dollars 6 (approximately RM18).

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.

7. Investment in Associates

	Group		Company	
Outside Malaysia	2019 RM	2018 RM	2019 RM	2018 RM
At cost				
Unquoted shares	315,406	315,406	-	-
Less: Share of post acquisition reserve	(315,406)	(315,406)	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Associates (Cont'd)

Details of the associates are as follows:

Name of company	Country of Incorporation	Effective equity interest 2019	2018	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*

The offshore project that an associate, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") had ventured into previously has been called off during the financial year due to project feasibility and economic viability. As such, the Company is not expected to share any gain or loss in EKSTB as EKSTB is remained inactive and does not incurred any operating nor administrative cost during the financial year.

Summarised financial information of the Group's associate, TF Emirates Marine Services L.L.C. ("TFEMS") is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

	EKSTB 2019 RM	EKSTB 2018 RM	TFEMS 2017 RM	TFEMS 2018 RM
Summarised statements of financial position				
Non-current assets	-	-	123,099	10,131
Current assets	539,170	539,170	543,861	552,706
Current liabilities	(7,360,812)	(7,360,812)	(994,864)	(732,325)
Net liabilities	(6,821,642)	(6,821,642)	(327,904)	(169,488)
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	-	-	431,327	564,934
Net loss for the financial financial year	-	(41,518)	(63,546)	(56,127)
Total comprehensive loss for the financial year	-	(788,124)	(63,546)	(313,999)

The Group has not recognised accumulated losses related to EKSTB and TFEMS totaling RM3,534,342 (2018: RM3,534,342) and RM322,918 (2018: RM291,780) 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.

NOTES TO THE FINANCIAL STATEMENTS

8. Investment in Joint Ventures

	Group 2019 RM	Group 2018 RM
In Malaysia:		
At Cost		
Unquoted shares	1,296,771	1,296,771
Less: Share of post acquisition reserve	(1,296,771)	(1,112,031)
	-	184,740

Details of the joint ventures are as follows:

Name of company	Country of Incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	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")*	Malaysia	50	50	Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services and other related services
Federal Destini (S) Pte. Ltd. ("FDSPT")*	Singapore	50	50	Drilling and related services, well intervention services, offshore greenfield development and decommissioning services in the South Asia and South-East Asia region

** Joint ventures not audited by UHY*

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

NOTES TO THE FINANCIAL STATEMENTS

8. Investment in Joint Ventures (Cont'd)

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

	DATSB		IASB		FDSPT	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Summarised statements of financial position						
Non-current assets	1,134,699	897,517	-	173,509	-	-
Current assets	2,147,834	3,077,297	287,916	934,121	517,949	389,117
Non-current liabilities	(234,677)	-	-	-	-	-
Current liabilities	(5,398,416)	(6,021,762)	(1,579,091)	(1,301,252)	(30,513)	19,637
Net liabilities	(2,350,560)	(2,046,948)	(1,291,175)	(193,622)	487,436	369,480
Interest in joint ventures	50%	50%	50%	50%	50%	50%
Group's share of net (liabilities)/assets	(1,175,280)	(1,023,474)	(645,588)	(96,811)	243,718	-
Carrying value of the Group's interest in joint venture	(1,175,280)	(1,023,474)	(645,588)	(96,811)	243,718	-
Summarised statements of comprehensive income profit or loss and other						
Revenue	3,820,738	2,963,758	-	-	-	-
Net loss for the financial year, representing total comprehensive loss for the financial year	(369,358)	(97,391)	(1,091,177)	(1,026,751)	(24,866)	(224,060)
Unrecognised share of losses of joint ventures:						
The unrecognised share of losses of joint ventures	(184,679)	(48,696)	(545,589)	(513,376)	(12,433)	(112,030)
Cumulative unrecognised share of losses of joint ventures	740,571	925,250	51,215	596,803	(124,463)	(112,030)

NOTES TO THE FINANCIAL STATEMENTS

9. Investment in Securities

	Group and Company 2019 RM	2018 RM
Financial assets at fair value through profit or loss		
Quoted securities at fair value		
- Quoted shares in Malaysia	430,134	1,136,660

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

10. Intangible Assets

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2019					
At cost					
At 1 January	1,617,000	193,498,546	6,746,994	10,739,283	212,601,823
Additions	-	-	-	784,557	784,557
Written off	-	-	-	(5,900,678)	(5,900,678)
Exchange differences	-	-	-	(145,240)	(145,240)
At 31 December	1,617,000	193,498,546	6,746,994	5,477,922	207,340,462
Accumulated amortisation					
At 1 January	431,200	-	1,927,712	4,186,014	6,544,926
Recognised in profit or loss	108,007	-	965,706	1,051,000	2,124,713
Written off	-	-	-	(1,227,968)	(1,227,968)
Exchange differences	-	-	-	(161,132)	(161,132)
At 31 December	539,207	-	2,893,418	3,847,914	7,280,539
Accumulated impairment losses					
At 1 January	-	1,334,431	-	-	1,334,431
Recognised in profit or loss	1,077,793	86,750,095	3,853,576	-	91,681,464
At 31 December	1,077,793	88,084,526	3,853,576	-	93,015,895
Carrying amount					
At 31 December	-	105,414,020	-	1,630,008	107,044,028

NOTES TO THE FINANCIAL STATEMENTS

10. Intangible Assets (Cont'd)

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2018					
At cost					
At 1 January	1,617,000	193,467,393	6,746,994	9,678,260	211,509,647
Additions	-	-	-	1,099,348	1,099,348
Written off	-	-	-	(32,235)	(32,235)
Exchange differences	-	31,153	-	(6,090)	25,063
At 31 December	1,617,000	193,498,546	6,746,994	10,739,283	212,601,823
Accumulated amortisation					
At 1 January	323,400	-	963,856	3,056,782	4,344,038
Recognised in profit or loss	107,800	-	963,856	1,077,878	2,149,534
Written off	-	-	-	(32,235)	(32,235)
Exchange differences	-	-	-	83,589	83,589
At 31 December	431,200	-	1,927,712	4,186,014	6,544,926
Accumulated impairment losses					
At 1 January / 31 December	-	1,334,431	-	-	1,334,431
Carrying amount					
At 31 December	1,185,800	192,164,115	4,819,282	6,553,269	204,722,466

(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 10 years (2018: 11 years). The brand is fully impaired during the financial year when the recoverable amount arising from value in use determined by discount future cash flows is lower than the carrying amount.

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 4 years (2018: 5 years). The product technology is fully impaired during the financial year when the recoverable amount arising from value in use determined by discount future cash flows is lower than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

10. Intangible Assets (Cont'd)

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

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 2 years (2018: 3 years). One of the development cost is fully impaired during the financial year when the recoverable amount arising from value in use determined by discount future cash flows is lower than the carrying amount.

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

For impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes. The goodwill allocated to each CGU is impaired during the financial year when the recoverable amount from value in use is higher than the carrying amount.

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

	Group	
	2019	**2018**
	RM	**RM**
Technofibre International Sdn. Bhd. ("TFISB")	-	2,411,262
Techno Fibre (S) Pte. Ltd. ("TFSPL")	-	12,388,228
Techno Fibre Middle East Marine Services FZE ("TFMEMS")	-	16,746,340
Techno Fibre Australia Pty. Ltd. ("TFAPL")	-	281,446
Destini Oil Services Sdn. Bhd. ("DOSSB")	67,158,888	67,158,888
Destini Shipbuilding And Engineering Sdn. Bhd. ("DSESB")	38,255,132	77,391,604
System Enhancement Resources & Technologies Sdn. Bhd. ("SERTSB")	-	2,199,962
Destini Marine Safety Solutions Ltd. ("DMSSL")	-	1,754,494
Halaman Optima Sdn. Bhd. ("HOSB")	-	6,623,255
AMS Marine Pte. Ltd. ("AMS")	-	5,208,636
	105,414,020	192,164,115

The recoverable amount of the goodwill allocated to each CGU is determined based on a value-in-use, determined by discounted future cash flows. The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment. During the financial year, the full impairment loss on goodwill allocated to subsidiaries namely TFISB, TFSPL, TFMEMS, TFAPL, SERTSB, DMSSL, HOSB and AMS amounted to an aggregate of RM47,613,623 and partial impairment loss on goodwill allocated to DSESB of RM39,136,472 were recognised in the profit of loss.

NOTES TO THE FINANCIAL STATEMENTS

10. 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 5% to 15% per annum;

(iii) Expenses were projected at annual increase of approximately 1.5% to 5% per annum; and

(iv) A pre-tax discount rate of 8% to 10% 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.

11. Land Use Rights

	Group	
	2019 RM	2018 RM
At cost		
At 1 January	-	1,973,125
Exchange differences	-	(12,562)
At 31 December	-	1,960,563
Accumulated amortisation		
At 1 January	-	288,907
Charge for the financial year	-	38,683
Exchange differences	-	(1,310)
At 31 December	-	326,280
Carrying amount		
At 31 December	-	1,634,283

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 39 (2018: 40 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 27.

The land use rights of the Group has been reclassified to ROU assets on 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

12. Other Receivables

	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Non-Current Assets				
Other receivable	4,926,619	12,910,389	-	12,910,389
Current Assets				
Other receivables	24,489,773	31,777,336	17,421,607	4,394,066
GST receivable	4,559,431	5,205,269	319,356	478,482
Deposits				
- Suppliers (Trade)	106,375	7,400,493	-	-
- Others (Non-trade)	3,719,445	1,613,112	139,950	213,609
	3,825,820	9,013,605	139,950	213,609
Prepayments	53,630,346	24,890,360	35,535	70,871
	86,505,370	70,886,570	17,916,448	5,157,028
Less: Accumulated impairment losses	(17,808,583)	(790,745)	(16,968,990)	-
	68,696,787	70,095,825	947,458	5,157,028
	73,623,406	83,006,214	947,458	18,067,417

Non-current assets

This represents unsecured, interest-bearing at rate of 0% (2018: 6%) per annum and repayable on or before 31 December 2020.

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
At 1 January	790,745	1,395,753	-	-
Impairment loss recognised	17,356,128	338,290	16,968,990	-
Written off	(338,290)	(943,298)	-	-
At 31 December	17,808,583	790,745	16,968,990	-

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.

NOTES TO THE FINANCIAL STATEMENTS

13. Other Investment

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 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.

14. Inventories

	Group	
	2019 RM	2018 RM
At cost		
Spare parts and consumables	3,688,941	3,802,570
Raw materials	7,319,980	3,474,464
Work-in-progress	1,668,776	634,694
Finished goods	816,702	3,751,230
	13,494,399	11,662,958
Recognised in profit or loss:		
Inventories recognised as cost of sales	33,407,046	18,201,751
Inventories written off	13,194	-

The inventories are written off when it has lost its value and cannot be sold due to damage, theft, loss, or decline in market value.

15. Contract Assets/(Liabilities)

	Group	
	2019 RM	2018 RM
Current		
Contract assets		
Construction contract	17,513,244	49,775,224
Contract liabilities		
Construction contract	6,245,280	6,477,984

The significant changes in the contract assets and contract liabilities during the financial year relating to change in measure of construction progress.

NOTES TO THE FINANCIAL STATEMENTS

15. Contract Assets/(Liabilities) (Cont'd)

Construction contracts

	Group	
	2019	2018
	RM	RM
Contract costs incurred to date	1,107,640,955	1,105,018,555
Attributable profits	126,379,525	179,294,706
	1,234,020,480	1,284,313,261
Less: Progress billings	(1,222,752,516)	(1,241,016,021)
	11,267,964	43,297,240
Presented as:		
Contract assets	17,513,244	49,775,224
Contract liabilities	(6,245,280)	(6,477,984)
	11,267,964	43,297,240

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period.

During the financial year, the following costs are capitalised to costs:

	Group	
	2019	2018
	RM	RM
Short term lease expenses relating to :		
- plant and machineries	1,827,548	643,731
- others	222,560	50,553

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM285,859,977. The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12-24 months.

NOTES TO THE FINANCIAL STATEMENTS

16. Trade Receivables

	Group 2019 RM	Group 2018 RM (Restated)
Trade receivables	256,470,647	268,714,820
Less: Accumulated impairment losses	(45,667,907)	(4,637,910)
	210,802,740	264,076,910

The Group's normal trade credit terms range from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss are as follows:

	Group 2019 RM	Group 2018 RM (Restated)
At 1 January	4,637,910	4,041,262
Effect of adopting MFRS 9	-	1,271,536
Impairment loss recognised	42,468,364	1,328,069
Impairment loss reversed	(1,311,522)	(18,868)
Amount written off	(126,845)	(1,984,089)
At 31 December	45,667,907	4,637,910

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

16. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

Group	Gross amount RM	Loss allowance RM	Net amount RM
2019			
Neither past due nor impaired	48,183,578	(138,510)	48,045,068
Past due not impaired:			
Less than 30 days	5,717,959	(20,453)	5,697,506
31 to 60 days	4,107,576	(18,754)	4,088,822
61 to 90 days	2,521,939	(16,052)	2,505,887
More than 90 days past due	124,469,612	(2,404,355)	122,065,257
	185,000,664	(2,598,124)	182,402,540
Credit impaired:			
Less than 30 days past due	44,221	(743)	43,478
31 to 60 days past due	70,040	(1,800)	68,240
More than 90 days past due	35,691,329	(7,402,847)	28,288,482
Individual impaired	35,664,393	(35,664,393)	-
	256,470,647	(45,667,907)	210,802,740
2018			
Neither past due nor impaired	54,129,905	(126,739)	54,003,166
Past due not impaired:			
Less than 30 days	2,220,648	(364,782)	1,855,866
31 to 60 days	48,464,186	(563,212)	47,900,974
	104,814,739	(1,054,733)	103,760,006
Credit impaired:			
More than 60 days past due	161,861,776	(1,544,872)	160,316,904
Individual impaired	2,038,305	(2,038,305)	-
	268,714,820	(4,637,910)	264,076,910

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2019, trade receivables of RM136,817,086 (2018: RM50,684,834) 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 RM35,664,393 (2018: RM2,038,305), 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.

NOTES TO THE FINANCIAL STATEMENTS

17. Amount Due from Subsidiaries

	Company 2019 RM	Company 2018 RM
Amount due from subsidiaries	282,264,458	299,453,045
Less: Accumulated impairment losses	(15,471,589)	(15,471,589)
	266,792,869	283,981,456

The amount due from/(to) subsidiaries are unsecured, interest free and are repayable/ payable on demand except for an amount due from a subsidiary of RM14,952,489 (2018: RM27,857,878) which bears interest at 6.3% (2018: 6.3%) per annum.

18. Amount Due from Joint Ventures

This amount represents unsecured, interest free advances and is repayable on demand.

19. Amount Due from Associate Company

This represents unsecured, interest free advances and are repayable on demand.

20. Fixed Deposits with Licensed Banks

The fixed deposits of the Group at amount of RM16,442,167 (2018: RM29,633,068) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to subsidiaries as disclosed in Note 27.

The interest rates of deposits during the financial year range from 0.05% to 3.45% (2018: 2.30% to 3.60%) per annum and the maturities of deposits are 5 to 365 days (2018: 5 to 365 days) respectively.

21. Cash and Bank Balances

Included in cash and bank balances of the Group is an amount of Nil (2018: RM50) has been pledged to licensed banks as security for banking facilities granted to subsidiaries as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

22. Share Capital

	Group and Company			
	Number of shares		Amount	
	2018 RM	2017 RM	2018 RM	2017 RM
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	1,155,230,299	1,155,230,299	382,806,871	382,806,871
Issuance of shares:				
- private shares placement	25,000,000	-	5,430,000	-
At 31 December	1,180,230,299	1,155,230,299	388,236,871	382,806,871

During the financial year, the Company issued 25,000,000 new ordinary shares through first tranche of private placement at issue price of RM0.2172 for a total cash consideration of RM5,430,000 for working capital purposes.

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.

23. 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.

24. 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.

NOTES TO THE FINANCIAL STATEMENTS

24. Employees Share Option Scheme ("ESOS") (Cont'd)

(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.

(v) The ESOS option is personal to the grantee and is non-assignable and non-transferable.

(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.

25. Finance Lease Liabilities

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Minimum finance lease payments:				
Within one year	-	1,007,457	-	-
Between one to five years	-	1,539,165	-	-
More than five years	-	123,152	-	-
	-	2,669,774	-	-
Less : Future finance charges	-	(222,258)	-	-
Present value of finance lease liabilities	-	2,447,516	-	-
Present value of finance lease liabilities:				
Within one year	-	920,463	-	-
Between one to five years	-	1,409,900	-	-
More than five years	-	117,153	-	-
	-	2,447,516	-	-
Analysed as:				
Repayable within twelve months	-	920,463	-	-
Repayable after twelve months	-	1,527,053	-	-
	-	2,447,516	-	-

The finance lease liabilities interests were charged at rates ranging from 2.58% to 4.80% per annum in prior financial year.

NOTES TO THE FINANCIAL STATEMENTS

25. Finance Lease Liabilities (Cont'd)

The Group leases plant and machineries under finance lease (Note 4 and Note 5). 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.

26. Lease Liabilities

	Group	
	2019 RM	2018 RM
At 1 January 2019	2,447,516	-
Effect of adoption of MFRS 16	19,347,840	-
At 1 January 2019, as restated	21,795,356	-
Additions	6,631,697	-
Payments	(7,013,080)	-
Exchange difference	2,414	
At 31 December 2019	21,416,387	-
Presented as:		
Repayable within twelve months	6,797,863	-
Repayable after twelve months	14,618,524	-
	21,416,387	-

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2019 RM	2018 RM
Within one year	7,524,796	-
Between one to five years	11,307,570	-
Between two to five years	3,378,189	-
More than five years	126,211	-
	22,336,766	-
Less : Future finance charges	(920,379)	-
Present value of lease liabilities	21,416,387	-

The Group leases leasehold properties, machinery and equipment, motor vehicles, land use right, office and apartments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions at interest rates ranging from 2.05% to 7.36% per annum. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

27. Bank Borrowings

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Secured				
Bank overdrafts	1,259,390	933,180	-	-
Trust receipts	-	3,057,913	-	-
Term loan I	72,127	109,999	-	-
Term loan II	135,320	146,546	-	-
Term loan III	7,516,362	7,892,142	7,516,362	7,892,142
Term loan IV	-	-	-	-
Term loan V	2,077,648	2,520,652	2,077,648	2,520,652
Term loan VI	2,055,395	2,105,560	-	-
Term loan VII	-	-	-	-
Term loan VIII	4,280,577	5,322,924	-	-
Term loan IX	14,952,489	27,857,878	14,952,489	27,857,878
Term loan X	80,192,385	86,154,800	-	-
Term loan XI	2,206,995	-	-	-
Total bank borrowings	114,748,688	136,101,594	24,546,499	38,270,672

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Analysed as:				
Repayable within twelve months			-	-
Bank overdrafts	1,259,390	933,180	-	-
Trust receipts	-	3,057,913	-	-
Term loan I	72,127	-	-	-
Term loan II	12,080	11,541	-	-
Term loan III	639,090	588,683	639,090	588,683
Term loan IV	-	-	-	-
Term loan V	392,832	392,832	392,832	392,832
Term loan VI	2,055,395	2,105,560	-	-
Term loan VII	-	-	-	-
Term loan VIII	4,280,577	1,669,116	-	-
Term loan IX	14,952,489	3,111,333	14,952,489	3,111,333
Term loan X	80,192,385	8,620,000	-	-
Term loan XI	719,064	-	-	-
	104,575,429	20,490,158	15,984,411	4,092,848

NOTES TO THE FINANCIAL STATEMENTS

27. Bank Borrowings

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Analysed as:				
Repayable after twelve months			-	-
Term loan I	-	109,999	-	-
Term loan II	123,240	135,005	-	-
Term loan III	6,877,272	7,303,459	6,877,272	7,303,459
Term loan IV	-	-	-	-
Term loan V	1,684,816	2,127,820	1,684,816	2,127,820
Term loan VI	-	-	-	-
Term loan VII	-	-	-	-
Term loan VIII	-	3,653,808	-	-
Term loan IX	-	24,746,545	-	24,746,545
Term loan X	-	77,534,800	-	-
Term loan XI	1,487,931	-	-	-
	10,173,259	115,611,436	8,562,088	34,177,824
Total	114,748,688	136,101,594	24,546,499	38,270,672

Term loan I
The bank borrowing of AED99,750 (equivalent to RM112,224) obtained from a local bank bears interest at rate of 7.85% per annum.

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 from 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 rate of 6.10% per annum. These term loans were fully settled during the financial year. 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.

NOTES TO THE FINANCIAL STATEMENTS

27. Bank Borrowings (Cont'd)

Term loan VI
The term loans consist of:

(a) RMB1,500,000 (equivalent to 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. The effective interest rate at the end of the reporting period is 5.66% per annum.

(b) RMB2,000,000 (equivalent to 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. 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 SGD3,500,000 (equivalent to RM10,638,259) bears interest at floating rate of 2.75% over prevailing rate per annum and is repayable by monthly installments of SGD62,464 over 5 years. The term loan is secured by ways of:

(a) Fixed deposit of SGD100,000 and interest accrued (equivalent to RM2,551,660) of a subsidiary; and
(b) Corporate guarantee by the Company.

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 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; and
(e) Charge over shares and any future shares of the subsidiary.

Term loan XI
The bank borrowings consist of loan of SGD600,000 with interest at effective interest rate of 5% per annum and revolving capital bank loan of SGD125,778 with interest at effective interest rate of 8% per annum for the purpose of working capital. The bank borrowings are repayable within 60 months from December 2019 and are secured by the following:

(a) Corporate guarantee by a subsidiary company; and
(b) Charge over all sums in current account and receivables.

Bank overdraft
Bank overdraft is secured by the following:

(a) Fixed deposit pledged to licensed banks; and
(b) jointly and severally guarantee by certain Directors.

NOTES TO THE FINANCIAL STATEMENTS

27. Bank Borrowings (Cont'd)

Trust receipts
Trust receipts are secured by the following:

(c) Fixed deposit pledged to licensed banks;
(d) Jointly and severally guarantee by certain Directors; and
(e) Corporate guarantee by the Company.

Range of interest rates during the current and prior financial year is as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Bank overdrafts	5.10 - 8.25	5.10 - 8.25	-	-
Trust receipts	8.70 - 9.15	8.70 - 9.15	-	-
Term loans	5.00 - 12.90	6.90 - 12.9	6.95	6.95

Maturity of bank borrowing is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Within one year	104,575,429	20,490,158	15,984,411	4,092,848
Between one to two years	10,173,259	61,699,962	8,562,088	26,801,150
Between two to five years	-	53,911,474	-	7,376,674
More than five years	-	-	-	-
	114,748,688	136,101,594	24,546,499	38,270,672

28. Deferred Tax Liabilities

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	5,479,741	4,044,795	25,093	52,552
Recognised in profit or loss (Note 35)	(2,651,996)	1,434,946	(25,093)	(27,459)
At 31 December	2,827,745	5,479,741	-	25,093

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax liabilities	3,693,552	6,152,889	-	25,093
Deferred tax assets	(865,807)	(673,148)	-	-
	2,827,745	5,479,741	-	25,093

NOTES TO THE FINANCIAL STATEMENTS

28. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Deaccelerated capital allowances RM	Total RM
Deferred tax assets				
At 1 January 2019	(438,472)	(234,676)	-	(673,148)
Recognised in profit or loss	142,217	(334,876)	-	(192,659)
At 31 December 2019	(296,255)	(569,552)	-	(865,807)
At 1 January 2018	(539,457)	(24,147)	(2,340)	(565,944)
Recognised in profit or loss	100,985	(210,529)	2,340	(107,204)
At 31 December 2018	(438,472)	(234,676)	-	(673,148)

Group	Intangible assets RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities			
At 1 January 2019	819,278	5,333,611	6,152,889
Recognised in profit or loss	(819,278)	(1,640,059)	(2,459,337)
At 31 December 2019	-	3,693,552	3,693,552
At 1 January 2018	983,133	5,270,594	6,253,727
Recognised in profit or loss	(163,855)	63,017	(100,838)
At 31 December 2018	819,278	5,333,611	6,152,889

Company	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 January 2019	25,093
Recognised in profit or loss	(25,093)
At 31 December 2019	-
At 1 January 2018	52,552
Recognised in profit or loss	(27,459)
At 31 December 2018	25,093

NOTES TO THE FINANCIAL STATEMENTS

28. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised tax losses	32,340,232	8,049,114	2,254,065	-
Unabsorbed capital allowances	569,552	386,345	43,754	19,247
Other deductible temporary differences	149,800,092	575,467	4,056,348	-
	47,709,876	9,010,925	6,354,167	19,247

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.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses in Malaysia will be imposed with a time limit of utilisation of 7 years. Any accumulated tax losses from year of assessment 2018 can be carried forward for another 7 years of assessment.

29. Redeemable Preference Shares

	Group			
	Number of shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid:				
At 1 January	250,000	250,000	1,346,903	1,363,558
Exchange difference	-	-	3,998	(16,655)
At 31 December	250,000	250,000	1,350,901	1,346,903

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.

30. Trade Payables

Credit terms of trade payables of the Group and Company ranged from 30 to 90 days (2018: 30 to 90 days) depending on the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS

31. Other Payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-Current Liability				
Other payables	394,228	-	-	-
Current Liabilities				
Other payables	59,141,520	6,118,400	2,344,598	325,159
GST payable	783,894	21,568,985	-	-
Accruals	12,333,034	7,228,339	149,420	146,419
Provision for warranty	425,000	-	-	-
Invoice financing	7,054,690	3,066,989	-	-
Deposits received	3,519	2,455,533	-	-
	79,741,657	40,438,246	2,494,018	471,578
	80,135,885	40,438,246	2,494,018	471,578

Invoice financing is repayable within 60 to 180 (2018: 60 to 180) days with interest at rate of 1.00% to 1.17% (2018: 1.00 to 1.17%) per annum above the Bank's prevailing Lending Rate. The facilities are secured by corporate guarantee from the Company and personal guarantee of a Director.

32. Revenue

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Revenue form contracts with customers:				
-Sales of goods	25,870,101	23,413,572	-	-
-Rendering of services	184,304,380	188,069,170	-	-
-Contract revenue	87,562,328	206,564,820	-	-
-Management fee	-	-	2,825,000	11,313,050
	297,736,809	418,047,562	2,825,000	11,313,050

NOTES TO THE FINANCIAL STATEMENTS

32. Revenue (Cont'd)

Group 2019	Maintenance repair, overhaul and training RM	Marine construction RM	Total RM
Major goods and service			
Sale of goods	25,870,101	-	25,870,101
Rendering of services	180,033,975	4,270,405	184,304,380
Contract revenue	5,391,483	82,170,845	87,562,328
Total revenue from contracts with customers	211,295,559	86,441,250	297,736,809
Geographical market:			
Malaysia	157,330,528	58,421,655	215,752,183
Singapore	81,984,626	-	81,984,626
Total revenue from contracts with customers	239,315,154	58,421,655	297,736,809
Timing of revenue recognition:			
At a point in time	137,171,133	4,270,405	141,441,538
Over time	102,144,021	54,151,250	156,295,271
	239,315,154	58,421,655	297,736,809

Group 2018	Maintenance repair, overhaul and training RM	Marine construction RM	Total RM
Major goods and service			
Sale of goods	23,413,572	-	23,413,572
Rendering of services	187,472,175	596,995	188,069,170
Contract revenue	36,483,820	170,081,000	206,564,820
Total revenue from contracts with customers	247,369,567	170,677,995	418,047,562
Geographical market:			
Malaysia	173,921,717	170,677,995	344,599,712
Singapore	73,447,850	-	73,447,850
Total revenue from contracts with customers	247,369,567	170,677,995	418,047,562
Timing of revenue recognition:			
At a point in time	210,885,747	596,995	211,482,742
Over time	36,483,820	170,081,000	206,564,820
	247,369,567	170,677,995	418,047,562

NOTES TO THE FINANCIAL STATEMENTS

33. Finance Costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest expenses on:				
Bank overdrafts	115,658	39,338	-	-
Trust receipts	216,449	1,059,845	-	-
Finance lease liabilities	1,183,263	105,923	-	334
Term loans	21,722,063	2,110,527	448,075	3,161,195
Others	10,533	14,975	-	-
	23,247,966	3,330,608	448,075	3,161,529

34. (Loss)/Profit Before Tax

(Loss)/Profit before tax is derived after charging/(crediting):

	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Amortisation of:				
- Intangible assets	2,124,713	2,149,534	-	-
- Land use right	-	38,683	-	-
Auditors' remuneration				
- Statutory audits	798,419	909,918	105,000	90,000
- Under provision in prior year	65,800	26,099	10,000	-
- Non-audit services	5,000	5,000	5,000	5,000
Bad debts written off	182,208	109,478	-	-
Depreciation of:				
- Property, plant and equipment	12,507,612	12,737,834	2,263,129	2,031,971
- Right of use assets	7,473,287	-	8,509	-
Non-Executive Directors remuneration:				
- Fee	440,000	480,000	440,000	480,000
- Other emoluments	90,500	83,000	90,500	83,000
Fair value adjustment on investment in securities	(354,584)	657,260	(354,584)	657,260
Gain on disposal of property, plant and equipment	(133,885)	(165,536)	-	-
Loss/(Gain) on foreign exchange				
- realised	313,584	162,262	(1,518)	(29,749)
- unrealised	198,061	(85,839)	-	-

NOTES TO THE FINANCIAL STATEMENTS

34. (Loss)/Profit Before Tax (Cont'd)

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

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Impairment loss on:				
- Trade receivables	42,468,364	1,328,069	-	-
- Other receivables	17,017,838	338,290	16,968,990	-
- Investment in subsidiaries	-	-	700,006	-
- Intangible assets	91,681,464	-	-	-
- Property, plant and equipment	1,998,229	-	-	-
- Right of use assets	10,934	-	-	-
Inventories written down	13,194	-	-	-
Grant and subsidies	678,607	980,043	-	-
Interest income from:				
- Licensed banks	(504,701)	(1,588,944)	-	(739,266)
- Advance to a subsidiary	-	-	-	(2,406,727)
Property, plant and equipment written off	1	30,760	-	-
Reversal of impairment loss on trade receivables	(1,311,522)	(18,868)	-	-
Rental expenses:				
- Workshop	-	140,900	-	-
- Equipment	-	193,112	-	-
- Motor vehicles	-	269,187	-	-
- Premises	-	3,296,945	-	-
Lease expenses related to term leases:				
- Equipment	245,092	-	-	-
- Motor vehicles	292,540	-	-	-
- Premises	600,623	-	-	-
Rental income:				
- Motor vehicles		(214,038)		(152,321)

NOTES TO THE FINANCIAL STATEMENTS

35. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	196,965	5,342,704	-	95,028
- Foreign tax	-	254,193	-	-
- Under provision in prior years	746,173	377,086	564,984	733,617
	943,138	5,973,983	564,984	828,645
Deferred tax (Note 26):				
Origination and reversal of temporary differences	(267,639)	(49,788)	-	3,306
Under/(Over) provision in prior years	(2,384,357)	1,484,734	(25,093)	(30,765)
	(2,651,996)	1,434,946	(25,093)	(27,459)
Tax expense for the the financial year	(1,708,858)	7,408,929	539,891	801,186

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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 (loss)/profit 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	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before tax	(251,244,180)	9,734,495	(28,946,932)	(5,037,546)
Taxation at statutory tax rate of 24% (2018: 24%)	(60,298,603)	2,336,279	(6,947,264)	(1,209,011)
Effects of tax rates in other countries	1,088,137	101,395	-	-
Income not subject to tax	(112,440)	(81,344)	(85,099)	-
Expenses not deductible for tax purposes	20,614,416	3,252,747	697,443	1,307,345
Utilisation of previously unrecognised deferred tax assets	(6,997,738)	(1,766,214)	-	-
Deferred tax assets not recognised	45,696,689	1,704,246	6,334,920	-
(Over)/Under provision of deferred tax in prior years	(2,384,357)	1,484,734	(25,093)	(30,765)
Under provision of income tax expense in prior years	746,173	377,086	564,984	733,617
Tax incentive	(61,135)	-	-	-
Tax expense for the financial year	(1,708,858)	7,408,929	539,891	801,186

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.

NOTES TO THE FINANCIAL STATEMENTS

35. Taxation (Cont'd)

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Unutilised tax losses	106,170,466	31,251,000	2,254,065	-
Unabsorbed capital allowances	7,346,051	4,635,100	-	-
	113,516,517	35,886,100	2,254,065	-

36. (Loss)/Earnings Per Share

Basic (loss)/earnings per shares

The basic (loss)/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 2019 RM	Group 2018 RM (Restated)
(Loss)/Profit attributable to ordinary shareholders	(247,822,866)	1,774,613
Weighted average number of ordinary shares in issue: shares in issue	1,155,384,580	1,155,230,299
Basic (loss)/earnings per ordinary shares (in sen)	(21.45)	0.15

Diluted (loss)/earnings per share

The Group and the Company have no dilution in their (loss)/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.

37. Staff Costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Salaries, wages and other emoluments	39,823,960	44,688,463	6,422,815	3,913,657
Social security contribution	455,983	391,583	45,157	37,199
Defined contribution plan	4,690,271	4,725,427	776,634	466,621
Other benefits	6,359,186	4,894,241	570,382	474,577
	51,329,400	54,699,714	7,814,988	4,892,054

NOTES TO THE FINANCIAL STATEMENTS

37. Staff Costs (Cont'd)

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors				
Company's Directors				
Salaries and other emoluments	1,767,716	1,795,200	1,767,716	1,795,200
Defined contribution plan	194,400	206,400	194,400	206,400
	1,962,116	2,001,600	1,962,116	2,001,600
Executive Directors				
Subsidiaries' Directors				
Salaries and other emoluments	1,807,572	1,547,077	-	-
Defined contribution plan	168,555	137,294	-	-
	1,976,127	1,684,371	-	-
Executive Directors				
Company's Directors	1,962,116	2,001,600	1,962,116	2,001,600
Subsidiaries' Directors	1,976,127	1,684,371	-	-
	3,938,243	3,685,971	1,962,116	2,001,600

38. 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	Effect of adopting MFRS 16	At 1 January, restated	Financing cash flows	Foreign exchange adjustments	New financing	At 31 December
	RM	RM	RM	RM	RM	RM	RM
2019							
Term loans	132,110,501	-	132,110,501	(22,931,203)	-	4,310,000	113,489,298
Trust receipts	3,057,913	-	3,057,913	(3,057,913)	-	-	-
Finance lease liabilities	2,447,516	(2,447,516)	-	-	-	-	-
Lease liabilities	-	21,795,356	21,795,356	(7,013,080)	2,414	6,631,697	21,416,387
	137,615,930	19,347,840	156,963,770	(33,002,196)	2,414	10,941,697	134,905,685

Group	At 1 January	Financing cash flows	Foreign exchange adjustments	New financing	At 31 December
	RM	RM	RM	RM	RM
2018					
Amount due to a Director	1,500,000	(1,500,000)	-	-	-
Term loans	156,902,095	(24,786,434)	(5,160)	-	132,110,501
Trust receipts	18,680,701	(15,622,788)	-	-	3,057,913
Finance lease liabilities	2,464,850	(759,661)	-	742,327	2,447,516
	179,547,646	(42,668,883)	(5,160)	742,327	137,615,930

NOTES TO THE FINANCIAL STATEMENTS

38. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

Company	At 1 January RM	Financing cash flows RM	At 31 December RM
2019			
Term loans	38,270,672	(13,724,173)	24,546,499
Amount due to subsidiaries	13,089,971	(1,174,296)	11,915,675
	51,360,643	(14,898,469)	36,462,174
2018			
Term loans	57,947,662	(19,676,990)	38,270,672
Finance lease liabilities	10,700	(10,700)	-
Amount due to subsidiaries	-	13,089,971	13,089,971
	57,958,362	(6,597,719)	51,360,643

39. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiaries of the Group.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2019 RM	2018 RM
Transactions with subsidiaries		
Management fee received/receivables	2,825,000	11,308,373
Interest income	824,043	2,406,727

NOTES TO THE FINANCIAL STATEMENTS

39. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employees benefits				
- Salaries and other emoluments	3,575,288	3,342,277	1,767,716	1,795,200
- Fees	440,000	480,000	440,000	480,000
- Defined contribution plan	362,955	343,694	194,400	206,400
	4,378,243	4,165,971	2,402,116	2,481,600

40. Segment Information

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, 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

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

NOTES TO THE FINANCIAL STATEMENTS

40. Segment Information (Cont'd)

2019	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue					
External customers	152,873,904	144,862,905	297,736,809	-	297,736,809
Inter-segment sales	3,131,979	58,768,923	61,900,902	(61,900,902)	-
Total revenue	156,005,883	203,631,828	359,637,711	(61,900,902)	297,736,809
Results					
Interest income	325,588	-	325,588	-	325,588
Finance costs	(3,297,412)	(19,931,831)	(23,229,243)	-	(23,229,243)
Depreciation of property, plant and equipment	(9,178,482)	(3,329,130)	(12,507,612)	-	(12,507,612)
Amortisation of intangible assets	-	(461,572)	(461,572)	-	(461,572)
Amortisation of land use right	(3,067,025)	(4,262,260)	(7,329,285)	-	(7,329,285)
Fair value adjustment on investment in securities	354,584	-	354,584	-	354,584
Other non-cash items	(297,241,766)	(256,657,429)	(553,899,195)	48,338,726	(505,560,469)
Share of results of joint venture	-	-	-	(184,740)	(184,740)
Loss before taxation	(156,098,630)	(81,010,394)	(237,109,024)	(13,746,916)	(250,855,940)
Taxation	926,008	782,850	1,708,858	-	1,708,858
Segment loss	(155,172,622)	(80,227,544)	(235,400,166)	(13,746,916)	(249,147,082)
Segment assets	820,395,285	271,325,460	1,091,720,745	(511,465,337)	580,255,408
Included in the measurement of segment assets are:					
Capital expenditure	10,855,336	12,227,288	23,082,624	-	23,082,624
Segment liabilities	526,533,425	267,776,377	794,309,802	(469,989,154)	324,320,648

NOTES TO THE FINANCIAL STATEMENTS

40. Segment Information (Cont'd)

2019	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Other non-cash expenses/ (income)					
Gain on disposal of property, plant and equipment	65,491	68,394	133,885	-	133,885
Impairment loss on:					
- Trade receivables	(42,073,946)	(394,418)	(42,468,364)	-	(42,468,364)
- Other receivables	(17,017,838)	-	(17,017,838)	-	(17,017,838)
- Intangible assets	-	-	-	(91,681,464)	(91,681,464)
- Property, plant and equipment	(1,998,229)		(1,998,229)		(1,998,229)
- Right of use assets	(10,934)		(10,934)		(10,934)
Bad debts written off	(182,208)	-	(182,208)	-	(182,208)
Property, plant and equipment written off	(1)	-	(1)	-	(1)
Reversal of impairment loss on trade receivables	1,311,522	-	1,311,522	-	1,311,522
Unrealised gain on foreign exchange	(198,061)	-	(198,061)	-	(198,061)

NOTES TO THE FINANCIAL STATEMENTS

40. Segment Information (Cont'd)

2018	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue					
External customers	247,369,567	170,677,995	418,047,562	-	418,047,562
Inter-segment sales	13,967,351	142,960,208	156,927,559	(156,927,559)	-
Total revenue	261,336,918	313,638,203	574,975,121	(156,927,559)	418,047,562
Results					
Interest income	11,308,528	23,944	11,332,472	(9,743,528)	1,588,944
Finance costs	(13,068,151)	(5,985)	(13,074,136)	9,743,528	(3,330,608)
Depreciation of property, plant and equipment	(9,547,516)	(3,190,318)	(12,737,834)	-	(12,737,834)
Amortisation of intangible assets	(2,149,534)	-	(2,149,534)	-	(2,149,534)
Amortisation of land use right	(38,683)	-	(38,683)	-	(38,683)
Fair value adjustment on investment in securities	(657,260)	-	(657,260)	-	(657,260)
Other non-cash items	(1,191,129)	(345,225)	(1,536,354)	-	(1,536,354)
Share of results of joint venture	-	-	-	(612,030)	(612,030)
Taxation	-	-	-	-	-
Segment profit/(loss)	11,389,807	16,696,090	28,085,897	(1,683,687)	26,402,210
Segment assets	1,133,913,995	157,482,036	1,291,396,031	(497,844,408)	793,551,623
Included in the measurement of segment assets are:					
Capital expenditure	9,956,960	3,431,086	13,388,046	-	13,388,046
Segment liabilities	690,875,871	93,949,256	784,825,127	(497,844,408)	286,980,719

NOTES TO THE FINANCIAL STATEMENTS

40. Segment Information (Cont'd)

2018	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Other non-cash expenses/ (income)					
Gain on disposal of property, plant and equipment	(165,536)	-	(165,536)	-	(165,536)
Impairment loss on:					
- Trade receivables	963,976	364,093	1,328,069	-	1,328,069
- Other receivables	338,290	-	338,290	-	338,290
Bad debts written off	109,478	-	109,478	-	109,478
Property, plant and equipment written off	30,760	-	30,760	-	30,760
Reversal of impairment loss on trade receivables	-	(18,868)	(18,868)	-	(18,868)
Unrealised gain on foreign exchange	(85,839)	-	(85,839)	-	(85,839)

NOTES TO THE FINANCIAL STATEMENTS

40. 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	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Group				
Malaysia	215,752,183	344,599,712	210,102,114	279,362,595
Singapore	81,984,626	73,447,850	23,648,729	48,497,221
	297,736,809	418,047,562	233,750,843	327,859,816

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

	2019 RM	2018 RM
Group		
Property, plant and equipment	88,525,124	108,087,938
Right-of-use assets	37,861,694	-
Investment in joint venture	-	184,740
Intangible assets	107,044,025	204,722,466
Land use right	-	1,634,283
Other receivables	-	12,910,389
Other investment	320,000	320,000
	233,750,843	327,859,816

NOTES TO THE FINANCIAL STATEMENTS

40. 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 2019 RM	Revenue 2018 RM	Segment
Customer A	54,151,250	170,081,000	Marine construction
	54,151,250	170,081,000	

41. Contingent Liabilities

	Group 2019 RM	Group 2018 RM
Unsecured		
Corporate guarantee		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	140,452,550	140,452,550

42. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

Group	At FVTPL RM	At Amortised Cost RM	Total RM
2019			
Financial Assets			
Investment in securities	430,134	-	430,134
Trade receivables	-	210,802,740	210,802,740
Other receivables	-	15,433,629	15,433,629
Amount due from joint venture	-	500,000	500,000
Amount due from associate company	-	6,247,881	6,247,881
Fixed deposits with licensed banks	-	16,823,199	16,823,199
Cash and bank balances	-	9,658,432	9,658,432
	430,134	259,465,881	259,896,015
Financial Liabilities			
Trade payables	-	81,737,832	81,737,832
Other payables	-	78,923,472	78,923,472
Finance lease liabilities	-	21,416,387	21,416,387
Bank borrowings	-	114,748,688	114,748,688
Redeemable preference shares	-	1,350,901	1,350,901
	-	298,177,280	298,177,280
Company			
2019			
Financial Assets			
Investment in securities	430,134	-	430,134
Other receivables	-	452,617	452,617
Amount due from subsidiaries	-	266,792,869	266,792,869
Cash and bank balances	-	126,815	126,815
	430,134	267,372,301	267,802,435
Financial Liabilities			
Other payables	-	2,494,018	2,494,018
Amount due to subsidiaries	-	11,915,675	11,915,675
Bank borrowings	-	24,546,499	24,546,499
	-	38,956,192	38,956,192

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

Company	At FVTPL RM	At Amortised Cost RM	Total RM
2018			
Financial Assets			
Investment in securities	1,136,660	-	1,136,660
Trade receivables	-	264,076,910	264,076,910
Other receivables	-	59,871,673	59,871,673
Amount due from joint venture	-	693,952	693,952
Fixed deposits with licensed banks	-	32,130,418	32,130,418
Cash and bank balances	-	28,018,043	28,018,043
	1,136,660	384,790,996	385,927,656
Financial Liabilities			
Trade payables	-	70,315,266	70,315,266
Other payables	-	18,869,261	18,869,261
Finance lease liabilities	-	2,447,516	2,447,516
Bank borrowings	-	136,101,594	136,101,594
Redeemable preference shares	-	1,346,903	1,346,903
	-	229,080,540	229,080,540
Company			
2018			
Financial Assets			
Investment in securities	1,136,660	-	1,136,660
Other receivables	-	17,518,064	17,518,064
Amount due from subsidiaries	-	283,981,456	283,981,456
Cash and bank balances	-	2,105,872	2,105,872
	1,136,660	303,605,392	304,742,052
Financial Liabilities			
Other payables	-	471,578	471,578
Amount due to subsidiaries	-	13,089,971	13,089,971
Bank borrowings	-	38,270,672	38,270,672
	-	51,832,221	51,832,221

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

(b) Net gain and losses arising from financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial assets at FVTPL	430,134	1,136,660	430,134	1,136,660
Net loss on impairment of financial instruments				
- Financial assets at amortised cost	58,174,680	1,647,491	16,968,990	-

(c) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

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 RM111,916,489 (2018: RM111,916,489), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Financial guarantee

The Group provides secured bankers' guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM39,029,334 (2018: RM40,988,359). 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.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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						
2019						
Non-derivative financial liabilities						
Trade payables	81,737,832	-	-	-	81,737,832	81,737,832
Other payables	78,923,472	-	-	-	78,923,472	78,923,472
Finance lease liabilities	7,524,796	11,307,570	3,378,189	126,211	22,336,766	21,416,387
Bank borrowings	104,575,429	1,647,936	9,580,766	132,793	115,936,924	114,748,688
Redeemable preference shares	1,350,901	-	-	-	1,350,901	1,350,901
	274,112,430	12,955,506	12,958,955	259,004	300,285,895	298,177,280

42. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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 (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
Group						
2018						
Non-derivative financial liabilities						
Trade payables	70,315,266	-	-	-	70,315,266	70,315,266
Other payables	18,869,261	-	-	-	18,869,261	18,869,261
Finance lease liabilities	1,007,457	994,267	544,898	123,152	2,669,774	2,447,516
Bank borrowings	20,490,158	66,408,247	58,578,185	-	145,476,590	136,101,594
Redeemable preference shares	-	-	1,364,863	-	1,364,863	1,346,903
	110,682,142	67,402,514	60,487,946	123,152	238,695,754	229,080,540

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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 (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						
2019						
Non-derivative financial liabilities						
Other payables	2,494,018	-	-	-	2,494,018	2,494,018
Amount due to subsidiaries	11,915,675	-	-	-	11,915,675	11,915,675
Bank borrowings	16,882,088	1,647,936	9,580,766	132,793	28,243,583	24,546,499
	31,291,781	1,647,936	9,580,766	132,793	42,653,276	38,956,192
2018						
Non-derivative financial liabilities						
Other payables	471,578	-	-	-	471,578	471,578
Finance lease liabilities	13,089,971	-	-	-	13,089,971	13,089,971
Bank borrowings	4,092,848	28,945,242	8,604,153	-	41,642,243	38,270,672
	17,654,397	28,945,242	8,604,153	-	55,203,792	51,832,221

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Chinese Renminbi ("RMB"), United Arab Emirates Dirham ("AED"), Thai Baht ("THB"), Canadian Dollar ("CAD") and Myanmar Kyat ("KYAT").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

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

	Denominated in					
	USD RM	EUR RM	SGD RM	SGD RM	THB RM	KYAT RM
Group						
2019						
Trade receivables	201,675	-	-	-	-	-
Cash and bank balances	10,303	-	-	-	-	-
Trade payables	(8,945,012)	(2,859)	(58,466)	(37,026)	(48,142)	(18,218)
Other payables	(342,986)	-	(129,052)	-	(7,812)	-

	Denominated in	
	USD RM	AED RM
Group		
2019		
Receivables	7,509,940	11,999,669
Cash and bank balances	70,604	460,970
Payables	(1,004,257)	(2,233,254)

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

	Denominated in			
	USD RM	EUR RM	RMB RM	SGD RM
Group				
2018				
Trade receivables	8,346,782	-	-	-
Other receivables	210,987	-	-	-
Cash and bank balances	987,230	2,036	-	-
Trade payables	(14,876,549)	(2,098,432)	-	(467,329)
Other payables	(4,783,291)	(493,201)	-	-
Bank borrowings	-	-	(2,105,560)	(5,322,924)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities mainly have RM and SGD functional currencies. The exposure to currency risk of Group entities other than RM and SGD functional currencies is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, SGD, CAD, THB, KYAT and RMB exchange rates against RM as well as in the USD and AED exchange rates against SGD, with all other variables held constant:

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Change in currency rate	Effect on profit before tax RM
Group		
2019		
USD/RM	Strengthened 10%	(908)
	Weakened 10%	908
USD/SGD	Strengthened 10%	658
	Weakened 10%	(658)
AED/SGD	Strengthened 10%	1,023
	Weakened 10%	(1,023)
EUR/RM	Strengthened 10%	-
	Weakened 10%	-
SGD/RM	Strengthened 10%	(19)
	Weakened 10%	19
CAD/RM	Strengthened 10%	(4)
	Weakened 10%	4
THB/RM	Strengthened 10%	(6)
	Weakened 10%	6
KYAT/RM	Strengthened 10%	(2)
	Weakened 10%	2
2018		
USD/RM	Strengthened 10%	(1,011)
	Weakened 10%	1,011
EUR/RM	Strengthened 10%	(259)
	Weakened 10%	259
RMB/SGD	Strengthened 10%	(211)
	Weakened 10%	211
SGD/RM	Strengthened 10%	(579)
	Weakened 10%	579

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	2019 RM	2018 RM
Group		
Fixed rate instruments		
Financial liabilities		
Lease liabilities	21,416,387	2,447,516
Floating rate instruments		
Financial liabilities		
Bank borrowings	114,748,688	136,101,594
Company		
Floating rate instruments		
Financial liabilities		
Bank borrowings	24,546,499	38,270,672

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's (loss)/profit before tax by RM286,891 (2018: RM340,254) and RM61,366 (2018: RM95,677) 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 and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group and the Company monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher/lower, with all other variables held constant, the Group's and the Company's (loss)/profit before tax would have been RM43,013 (2018: RM113,666) lower/higher, arising as a result of higher/lower fair value gain on held for trading investment in equity instrument.

(d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

(d) 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	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying Amount**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group										
2019										
Financial Asset										
Investment in securities	430,134	-	-	430,134	-	-	-	-	430,134	430,134
2018										
Financial Asset										
Investment in securities	1,136,660	-	-	1,136,660	-	-	-	-	1,136,660	1,136,660
Financial Liability										
Finance lease liabilities	-	-	-	-	-	2,330,968	-	2,330,968	2,330,968	2,447,516

42. Financial Instruments (Cont'd)

(d) 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	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying Amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company										
2019										
Financial Asset										
Investment in securities	430,134	-	-	430,134	-	-	-	-	430,134	430,134
2018										
Financial Asset										
Investment in securities	1,136,660	-	-	1,136,660	-	-	-	-	1,136,660	1,136,660

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments (Cont'd)

(d) 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).

Non-derivative financial instruments
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.

43. Subsequent Events

(a) Proposed acquisition, diversification and dilution

On 18 February 2020, the Company announced to Bursa Malaysia Securities Berhad ("Bursa") the following:

(i) Destini Armada Private Limited ("DAPL"), a wholly-owned subsidiary of the Company had entered into a conditional share sale agreement ("SSA") with PT Berkah Sadaya Adikarya ("Vendor") for the acquisition of 4,999 ordinary shares in PT Muara Badak Perkasa ("PT MBP"), representing approximately 99.9% equity interest in PT MBP for a purchase consideration of SGD4,000,000 to be satisfied entirely via the issuance and allotment of 4,900,000 new DAPL Shares at an issue price of approximately SGD0.8163 per DAPL Share ("Proposed Acquisition");

(ii) In conjunction with the Proposed Acquisition, the Board proposes to undertake a diversification of the business activities of the Group to include the provision of jetty and/or port operations related services to mining companies ("Proposed Diversification"); and

(iii) Upon completion of the Proposed Acquisition, the vendor will emerge as the largest shareholder of DAPL, with a 55% equity interest in DAPL. Simultaneously, the equity interest of the Company in DAPL will be diluted from 100% to 45%. Consequently, the equity interest of the Company in its indirectly owned subsidiaries held by DAPL will be diluted accordingly ("Proposed Dilution").

NOTES TO THE FINANCIAL STATEMENTS

43. Subsequent Events (Cont'd)

(a) Proposed acquisition, diversification and dilution (Cont'd)

On 3 April 2020, the Company had submitted an application to Bursa to seek its approval for an extension of time of up to 3 months to submit the draft Circular. Bursa Securities had, vide its letter dated 20 April 2020 (which was received on 21 April 2020), resolved to grant an extension of time of 3 months up to 18 July 2020 to submit the draft Circular pursuant to Paragraph 9.33(1)(a) of the Listing Requirements. Effect on partly disposal of the group of subsidiaries is not presented.

(b) Private placement

On 5 February 2020, the Company has issued 50,000,000 new ordinary shares through second tranche of private placement at issue price of RM0.1960 per share for total consideration of RM9,800,000 for working capital purposes.

(c) Outbreak of coronavirus pandemic

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. The emergence of Covid-19 since early 2020 has brought about uncertainties to the Group's and the Company's operating environment and has impacted the Group's and the Company's operations in Malaysia and oversea and its financial position subsequent to the financial year end. The Group and the Company are cognizant of the challenges posed by these developing events and the potential impact on the business sector of the Group and of the Company. The Group will continuously assess the situation, work closely with the local authorities to support their efforts in containing the spread of Covid-19, and put in place measures to minimise impact to its business.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ended 31 December 2019 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and on the Company's operations.

44. 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.

NOTES TO THE FINANCIAL STATEMENTS

44. 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

	2018 RM	2017 RM
Total loans and borrowings	114,748,688	138,549,110
Less: Deposits, bank and cash balances	(26,481,631)	(60,148,461)
Net debt	88,267,057	78,400,649
Total equity	257,695,369	507,023,997
Gearing ratio	34%	15%

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.

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 June 2020.

LIST OF PROPERTIES OWNED

AS AT 31 DECEMBER 2019

Location	Description (sqm)	Current Use	Tenure	Age of Building	Audited Net Book Value as at 31.12.2019	Date of acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak	4,049	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM 757,771	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam	4,180	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	22 years	RM 15,134,088	04.06.2013
San Yu Town, Nantong Tongzhou City Industry Park, Jiangsu Province, China	11,608	Office and Factory	Leasehold expiring on 1 March 2059 (unexpired term of about 42 years)	8 years	RM 2,005,869	01.01.2011
No 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1189	Office and Workshop	Freehold	12 years	RM 610,733	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1797 Built up: 311	Office and Workshop	Leasehold for a period of 60 years expiring on 22 Jan 2062	-	RM 823,561	09.10.2014
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Built a yard on rented land)	14,520	Office and Yard	Rent and renew yearly	9 years	RM 1,732,263	01.05.2013
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Land area: 1,091 Built up: 663	Office and Workshop	Freehold	5 year	RM 4,525,600	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Land area: 23,160 Built up: 6,361	Office and Factory	Leasehold for a period of 99 years expiring on 27 June 2073	24 years	RM 14,031,796	01.12.2016

STATISTIC OF SHAREHOLDINGS

AS AT 22 MAY 2020

A. Share Capital

Total Number of Shares	:	1,230,230,299
Issued Share Capital	:	RM398,036,871
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	34	0.57	1,100	0.00
100 – 1,000	679	11.31	321,466	0.03
1,001 – 10,000	2,197	36.60	14,061,222	1.14
10,001 – 100,000	2,546	42.42	93,064,270	7.56
100,001 and below 5% of issued shares	542	9.03	667,076,296	54.22
5% and above of issued shares	4	0.07	455,705,945	37.04
Total	**6,002**	**100.00**	**1,230,230,299**	**100.00**

C. Directors' Shareholdings as at 22 May 2020

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Rodzali Bin Daud	-	-	-	-
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	83,126,500	6.76	233,581,845(1)	18.99
3.	Mohd Shihabuddin Bin Mukhtar	-	-	-	-
4.	Dato' Che Sulaiman Bin Shapie	-	-	-	-
5.	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	-	-	-	-
6.	Abdul Rahman Bin Mohamed Rejab	100,000	0.01	-	-
7.	Ismail Bin Mustaffa	1,640,000	0.13	-	-

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. Utarasama Marine Sdn. Bhd. and Mazer Sdn. Bhd.

D. Substantial Shareholders as at 22 May 2020

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn. Bhd.	87,255,412	7.09	-	-
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	83,126,500	6.76	233,581,845[(1)]	18.99
3.	Aroma Teraju Sdn. Bhd.	200,000,000[(2)]	16.26	-	-
4.	Utarasama Marine Sdn. Bhd.	96,000,333	7.80	-	-
5.	MTD Capital Sdn. Bhd.	64,000,000	5.20	-	-
6.	Lim Nyuk Sang @ Freddy Lim	65,137,466	5.30	2,500,000[(3)]	0.20

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., Utarasama Marine Sdn. Bhd. and Mazer Sdn. Bhd.
(2) The ultimate shareholder of Aroma Teraju Sdn Bhd is the Ministry of Finance Malaysia.
(3) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in Santraprise Sdn. Bhd.

STATISTIC OF SHAREHOLDINGS
AS AT 22 MAY 2020

E. List of 30 Largest Securities Account Holders as at 22 May 2020

No.	Name of Shareholders	Shares held	%
1	AROMA TERAJU SDN. BHD.	200,000,000	16.26
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR UTARASAMA MARINE SDN. BHD.	96,000,333	7.80
3	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	82,698,500	6.72
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD (MARGIN)	77,007,112	6.26
5	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	50,000,000	4.06
6	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PBCL-0G0413)	46,209,212	3.76
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: URUSHARTA JAMAAH SDN. BHD.	46,204,333	3.76
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR MAZER SDN. BHD.	31,891,000	2.59
9	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DAYATAHAN SDN. BHD.	31,500,000	2.56
10	KAMARUDIN BIN MERANUN	26,990,800	2.19
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (7000197)	26,765,800	2.18
12	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	26,095,966	2.12
13	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	17,000,000	1.38
14	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PBCL-0G0192)	14,000,000	1.14
15	YAYASAN POK DAN KASIM	11,760,000	0.96
16	LIM FEI NEE	11,627,100	0.95

No.	Name of Shareholders	Shares held	%
17	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND	10,200,000	0.83
18	MAZER SDN. BHD.	10,002,200	0.81
19	MOHAMMED FEROZ BIN MOHAMMED ILYAS	10,000,000	0.81
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN. BHD.	7,870,000	0.64
21	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (3rd PARTY EDSP)	7,078,000	0.58
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAYASAN POK DAN KASSIM	7,000,000	0.57
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	6,896,600	0.56
24	CITIGROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	6,505,700	0.53
25	AZLAN BIN MAN	5,795,000	0.47
26	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD.	5,300,000	0.43
27	ER SOON PUAY	5,083,300	0.41
28	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD. (MGN-BHP0001M)	4,845,200	0.39
29	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE	4,725,300	0.38
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LEE CHI KEN @ PHILIP LEE (8111593)	4,707,200	0.38

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting ("AGM") of Destini Berhad ("Destini" or "the Company") will be conducted entirely through live streaming from the broadcast venue at No.10 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 29 July 2020, at 10.00 a.m. or any adjournment thereof via Remote Participation and Voting ("RPV") Facilities for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect the following Directors who retire pursuant to Clause No. 115(1) of the Company's Constitution and being eligible, have offered themselves for re-election:
   i. Abdul Rahman Bin Mohamed Rejab (Ordinary Resolution 1)
   ii. Ismail Bin Mustaffa (Ordinary Resolution 2)

3. To approve the payment of Directors' fees of up to RM300,000.00 for the financial year ending 31 December 2020 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM100,000 for the period commencing from the conclusion of the 16th AGM until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 3)

4. To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 4)

As Special Business:

To consider and, if thought fit, to pass the following resolutions:

5. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** (Ordinary Resolution 5)

   THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, 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 20% of the total number of issued shares of the Company (excluding treasury shares) for the time being AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued on Bursa Securities;

   AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

6. **Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares** (Ordinary Resolution 6)

"**THAT**, subject to the Companies Act 2016, the Bursa Securities Listing Requirements, the Company's Constitution and the approvals of other relevant authorities, the Company be and is hereby authorised to purchase and hold such number of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company

AND THAT the maximum amount of 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, as set out in the Circular to Shareholders dated 30 June 2020.

THAT such authority shall commence immediately upon passing of this ordinary resolution until the conclusion of the next AGM of Destini unless earlier revoked or varied by ordinary resolution passed by the shareholders of Destini in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held, whichever occurs first.

THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to deal with the shares so purchased in their absolute discretion in any of the following manner:-

i. cancel the shares so purchased; or
ii. retain the shares so purchased as treasury shares and held by the Company; or
iii. retain part of the shares so purchased as treasury shares and cancel the remainder; or
iv. distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
v. transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Companies Act 2016, rules, regulations and guidelines pursuant to the Companies Act 2016, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force."

7. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee (LS0009760/ SSM PC No. 201908002254)
Company Secretaries
Kuala Lumpur
Date: 30 June 2020

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

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 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.

6. For the purpose of determining a member who shall be entitled to attend the Sixteenth (16th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 22 July 2020. Only members whose name appears on the Record of Depositors as at 22 July 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

7. All the resolutions set out in this Notice of Meeting will be put to vote by poll.

8. The 16thAGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.

EXPLANATORY NOTES

1. **Audited Financial Statements for the Financial Year Ended 31 December 2019**

   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 3 : To Approve the Payment of Directors' Fees and Other Benefits Payable**

   The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

   In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 16th AGM until the next Annual General Meeting of the Company.

3. **Ordinary Resolution 5: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act.

   The Company had at its Fifteenth (15th) Annual General Meeting held on 28 May 2019, obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any 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 to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate").

   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 Fifteenth (15th) Annual General Meeting held on 28 May 2019 and which will lapse at the conclusion of the Sixteenth (16th) Annual General Meeting.

   Due to the pandemic COVID-19 and Extended Movement Control Order ("MCO"), Bursa Securities has via their letter dated 16 April 2020 granted several Additional Temporary Relief Measures to listed corporations for COVID-19, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 and thereafter, the 10% General Mandate will be reinstated ("Extended Utilisation Period").

   Having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the Sixteenth (16th) Annual General Meeting of the Company.

   The Board is of the opinion that this 20% General Mandate is in the best interest of the Company and its shareholders. The 20% 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 its business plans, future investment project(s), working capital and/or acquisitions.

   The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

4. **Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares**

   The Ordinary Resolution 6, if passed, will renew the authority given to the Directors of the Company to purchase Company's shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last Fifteenth (15th) Annual General Meeting held on 28 May 2019.

   Further information on the proposed renewal of authority to purchase its own shares is set out in the Circular to Shareholders dated 30 June 2020 which is dispatched together with the Company's Annual Report 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

Please refer to Explanatory Note 3 for information relating to general mandate for issue of securities.

No.of ordinary shares	CDS accountno.of authorised Nominee

DESTINI PROXY FORM

*I/We ____

(FULL NAME IN CAPITAL LETTERS, NRIC NO./ REGISTRATION NO.)

of ____

(FULL ADDRESS)

being a member(s) of Destini Berhad hereby appoint ____

____

(FULL NAME IN CAPITAL LETTERS, NRIC NO)

of ____

(FULL ADDRESS)

or failing *him/ her ____

(FULL NAME IN CAPITAL LETTERS, NRIC NO)

of ____

(FULL ADDRESS)

or failing *him/ her the Chairman of the Meeting as *my/ our proxy(ies), to vote for *me/ us on *my/ our behalf at the Sixteenth (16th) Annual General Meeting of Destini Berhad ("Company") will be conducted entirely through live streaming from the broadcast venue at No.10 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 29 July 2020, at 10.00 a.m. or any adjournment thereof via Remote Participation and Voting ("RPV") Facilities.

NO.	RESOLUTIONS	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Abdul Rahman Bin Mohamed Rejab as Director.	Ordinary Resolution 1		
2.	To re-elect Ismail Bin Mustaffa as Director.	Ordinary Resolution 2		
3.	To approve the payment of Directors' fees of up to RM300,000.00 for the financial year ending 31 December 2020 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM100,000 for the period commencing from the conclusion of the 16th AGM until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 3		
4.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
5.	**As Special Business :** Authority to allot shares pursuant to Sections 75 & 76 of the Companies Act, 2016.	Ordinary Resolution 5		
6.	Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares.	Ordinary Resolution 6		

(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.)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-	
First Proxy	Second Proxy
No. of Shares:	No. of Shares:
Percentage : %	Percentage : %

Dated this ___________ day of ____________________, 2020.

Signature : ____

(If shareholder is a corporation, this form should be executed under seal)

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 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.*
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7. *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*
8. *The 16thAGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.*

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AFFIX
STAMP

THE REGISTRAR OF
DESTINI BERHAD [Registration No. 200301030845 (633265-K)]
Insurban Corporate Services Sdn Bhd [Registration No. 198101010136 (76260-W)]
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

2nd fold here

DESTINI BERHAD
[Registration No. 200301030845 (633265-K)]

No. 10 Jalan Jurunilai U1/20,
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Email : info@destinigroup.com

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