ANNUAL REPORT 2012

SHAPING DESTINI OF EXCELLENCE

destiniberhad

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CORPORATE PROFILE

Destini Berhad ("Destini" or "the Company") and its subsidiaries ("Destini Group") is a growing global conglomerate comprising a dynamic range of companies across five key business lines, namely:

- Maintenance Repair and Overhaul (MRO), including trading in safety and survival products and spares for aviation industry;
- Maintenance Repair and Overhaul (MRO), including trading in safety and survival products, ship spares, armaments and manufacturing of life boats for maritime and oil and gas industries;
- Assembly and fabrication of defence and commercial vehicles, supply of spares, electronic equipment, radar and surveillance and tracking system for the automotive industry;
- Information Technology; and
- Training and Education Consultancy.

Destini, an investment holding company listed on Bursa Malaysia Securities Berhad was incorporated in Malaysia under the Companies Act, 1965 on 4 November 2003 as a public company under the name of Satang Jaya Holdings Berhad (SJHB) and subsequently changed its name to Satang Holdings Berhad ("SHB").

Started with supplying of spare parts in 1999, the SHB Group expanded its business to provide support services such as maintenance, repair and overhaul of safety and survival equipment for defence and aerospace aviation industry. This is the result of the Contractorisation program introduced by the Ministry of Defence, which is then expanded to include marine defence services. Through this program, the government has awarded SHB Group a long-term contract for a period of 10 years based on an outstanding performance and high commitment to the defence industry in Malaysia.

SHB name was changed to Destini Berhad on 12 September 2011 to reflect a synergized and aligned business direction of the Group and to menifest the intention and determination of the Board to turnaround the Group's business to a new height and strenghtening its plans to explore new business ventures.

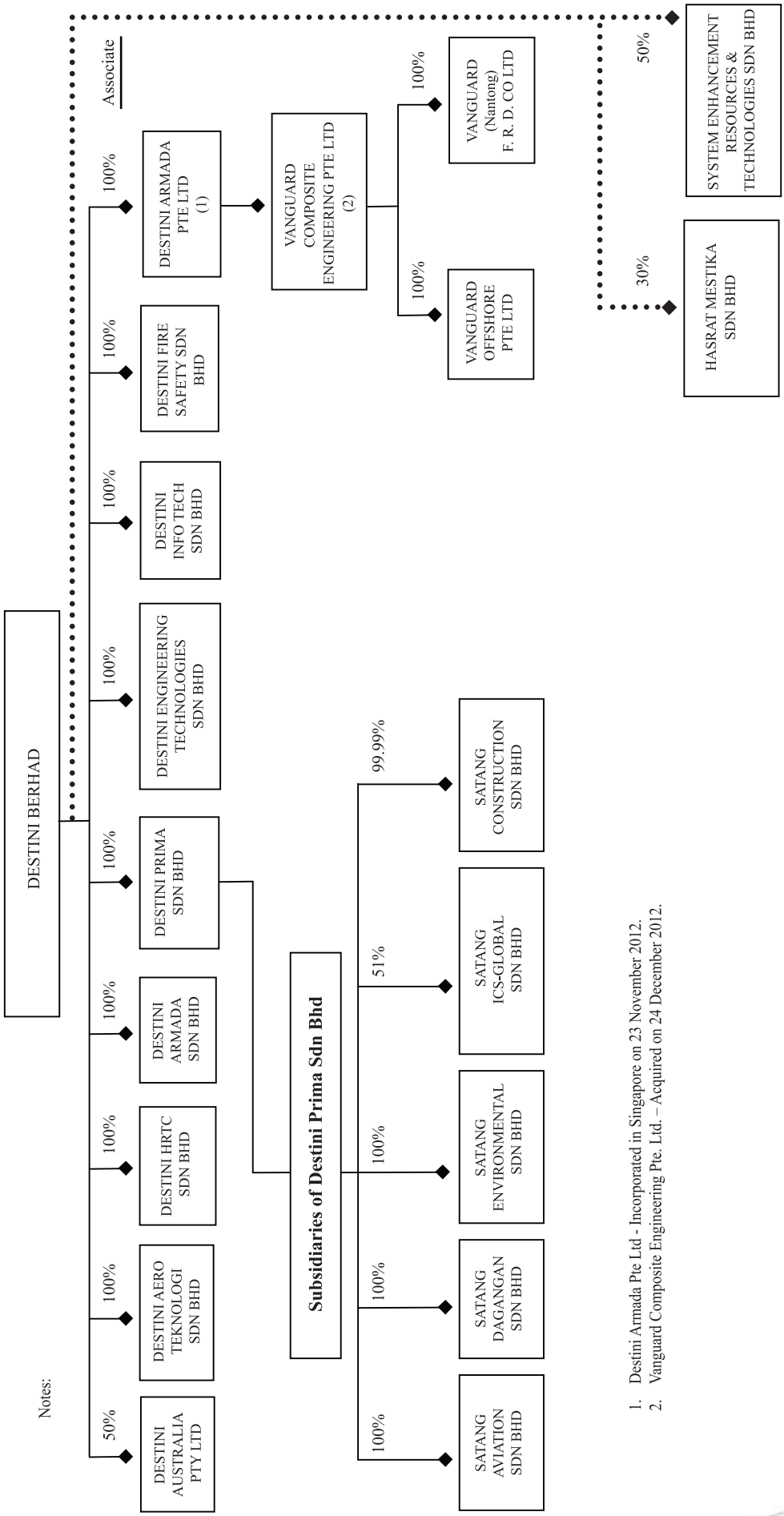
Destini Group has a network of workshops and branches in 10 states in Malaysia which is managed by its subsidiary, Destini Prima Sdn Bhd. Destini Group is actively involved in the supply of safety and survival product and specialised in the maintenance, repair and overhaul of safety and survival equipment e.g. ejection seat, life rafts, life jackets, net and cable arrestor barrier amongst others.

Destini's highest achievement in 2012 was the Centre of Excellence (COE) award presented by Martin Baker Aircraft Ltd (MBA) which certifies Destini Prima's facilities for the escape system maintenance. For over 60 years, Martin-Baker has been the world leader in the design and manufacture of ejection seats.

In an effort to grow its business, in December 2012 Destini Group has invested in Vanguard Composite Engineering Pte Ltd (VCE), a Singapore based company that manufactures and offers the 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. It is also the world's only lifeboat manufacturer that builds self-propelled hyperbaric lifeboats, a product that brings safety and survival of divers a notch higher.

Vanguard's manufacturing facility is housed in a 20,000 sqm wholly owned state-of-the-art manufacturing facility in Nantong, China. The factory has the capacity to manufacture about 200 boats per year. On average, the factory has produced about 120 boats annually for the last 3 years. The production volume is expected to increase in 2013 and beyond in view of the recently launched Self-propelled Hyperbaric Life Boat (SPHLB) and the increasing demand of its products from the oil & gas industry.

CORPORATE STRUCTURE OF DESTINI BERHAD



Notes:

1. Destini Armada Pte Ltd - Incorporated in Singapore on 23 November 2012.
2. Vanguard Composite Engineering Pte. Ltd. – Acquired on 24 December 2012.

CORPORATE INFORMATION

Board of Directors

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

Dato' Rozabil @ Rozamujib Bin Abdul Rahman
Managing Director

Abdul Rahman Bin Mohamed Rejab
Executive Director

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

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

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

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

Audit Committee

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

Nomination and Remuneration Committee

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

Company Secretaries

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

Auditors

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

Tel : 03-2279 3088
Fax : 03-2279 3099
Email : uhykl@uhy.com

Principal Bankers

Affin Bank Berhad (25046-T)

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad

Stock Name : DESTINI
Stock Code : 7212

Registered Office

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

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

Corporate Office

No 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Tel : 03-5567 0333
Fax : 03-5569 1233
Email : info@destinigroup.com
Website : www.destinigroup.com

Registrar

Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

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

Subsidiary, Sub-subsidiaries, Related Companies & Associate Companies

1. **Destini Prima Sdn Bhd (223732-V)**
   Maintenance, Repair and Overhaul (MRO) services for Safety, Survival, Security and Rescue equipment.

2. **Destini Armada Sdn Bhd (378597-W)**
   Provides service and maintenance of marine safety and survival equipment to the Malaysian marine defence agencies and maritime industries.

3. **Systems Enhancement Resources Technologies Sdn Bhd (844241-K)**
   Fabrication, manufacturing, supply delivery and maintenance of vehicles.

4. **Destini Info Tech Sdn Bhd (561654-M)**
   Provides ICT services.

5. **Destini HRTC Sdn Bhd (967258-X)**
   Provides training & education consultancy.

6. **Vanguard Composite Engineering Pte Ltd (198700526G)**
   Manufacture and offers the 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.

7. **Destini Australia Pty Ltd (158 026 049)**
   Investment Holdings.

8. **Destini Armada Pte Ltd (201228769N)**
   Investment Holdings.

9. **Destini Fire Safety Sdn Bhd (523347-K)**
   Dormant.

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

12. **Satang Aviation Sdn Bhd (367847-D)**
    Dormant.

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

13. **Satang Dagangan Sdn Bhd (217774-M)**
    Dormant.

14. **Satang Construction Sdn Bhd (789202-P)**
    Dormant.

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

16. **Hasrat Mestika Sdn Bhd (765459-V)**
    Dormant.

17. **Destini Engineering Technologies Sdn Bhd (536657-H)**
Dormant.

18. **Vanguard Offshore Pte Ltd (200923004Z)**
Wholesaler of Marine Equipment and Accessories (General Importers and Exporters of Marine Equipment and Accessories)

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

DIRECTORS' PROFILE

Dato' Rozabil @ Rozamujib Bin Abdul Rahman, a Malaysian aged 41, was initially appointed as an Independent & Non-Executive Director on 11 November 2010. Upon the resignation of the former Managing Director, he then was re-designated as Managing Director of the Company on 3 January 2011. He is responsible for the overall direction and management of the Group. He obtained Executive Diploma in Plantation Management from University of Malaya in 2009.

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

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

Azhar bin Azizan @ Harun, a Malaysian aged 51, was appointed as a Non-Independent & Non-Executive Director on 28 August 2010. Subsequently on 11 November 2011, he was re-designated as Non-Independent & Non-Executive Chairman. He obtained LLB (Hons) degree from University of Malaya in 1986. In 1990, he obtained his Master of Law degree with merit from King's College, University of London specialising in Corporate and Commercial Law.

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

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

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

Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid, a Malaysian aged 48, was appointed as an Independent & Non-Executive Director on 17 August 2010. He graduated from the Arkansas State University with a Bachelor of Science in Finance in 1987 and Master in Business Administration in 1988.

Dato' Megat has many years of experience in the corporate sector and is currently the Independent Non-Executive Chairman of Inix Technologies Holdings Berhad.

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

Dato' Abdul Aziz bin Sheikh Fadzir, a Malaysian aged 50, was appointed as an Independent & Non Executive Director on 11 November 2010. Subsequently on 12 September 2012, he was re-designated as Non-Independent & Non-Executive Director. He graduated with a Bachelor of Science (Accounting) from Purdue University, Indiana, United States of America.

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

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

Abdul Rahman bin Mohamed Rejab, a Malaysian aged 47, was appointed as an Independent & Non-Executive Director on 3 January 2011. Subsequently on 15 October 2012, he was re-designated as Executive Director. He holds a Bachelor Degree in Finance from St. Louis University, Missouri, USA.

He is currently the Independent & Non-Executive Director in Viztel Solutions Berhad. He has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad.

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

Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman, a Malaysian aged 48, was appointed as an Independent & Non-Executive Director on 8 January 2013. She obtained Master of Accounting (Distinction) from Curtin University of Technology, Australia in 1997. In 2003, she obtained her Doctor of Philosophy (PhD) from University of Edinburgh, Scotland, United Kingdom.

She is currently the Assistant Vice Chancellor, Institute of Leadership & Quality Management (iLQAM), University Teknologi MARA (UiTM) since March 2012. She is a Professor in Management Accounting, Faculty of Accountancy and Head of Asian Management Accounting Research Centre (AMARC), Accounting Research Institute (ARI). She has over 22 years of experience in the Education Field with UiTM from 1991 until now. She is also actively involved with Chartered Institute of Management Accountants (CIMA) (UK) activities and currently she is the Deputy Chairman of CIMA Malaysia Country Branch.

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

Dato' Che Sulaiman Bin Shapie, a Malaysian aged 56, was appointed as an Independent & Non-Executive Director on 8 January 2013. He holds a Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia.

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

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

CHAIRMAN'S STATEMENTS

Dear Shareholders

It is with pleasure that I, on behalf of the Board of Directors of Destini Berhad present to you our valued shareholders, the Ninth (9th) Annual Report together with the Audited Financial Statements of the Group for the financial year ended 31 December 2012.

OVERVIEW ON GROUP'S OPERATIONS AND FINANCIAL PERFORMANCE

Once again the Group has had a good year both in terms of revenue and profits, as well as business expansion. The Group's strong financial performance has enabled it to expand its scope of business locally as well as internationally. In doing so, the Group embarked on a strategic acquisition programme by acquiring a majority stake in a foreign company. This move is expected to fuel business growth in the coming years.

I am very delighted to share with all that Destini Group of Companies is recording a Profit After Taxation of RM7,049,136 for the financial year ended 31st December 2012. The main business of the Group has performed well in the year 2012 recording sales turnover of RM56.84 million. With strong cash flows at hand the Group managed to acquire its own building at Glenmarie Industrial Park and made a value creating investment of Vanguard Composite Engineering Pte Ltd, a Singapore leading manufacturer of lifeboats, liferafts, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

After almost 3 years of being suspended, Destini's shares were re-quoted on 13th August 2012 on Bursa Malaysia. The next step which was foremost in the mind of the Board of Directors was to uplift the PN17 status. The Board believes that this will be achieved in the 2nd quarter of 2013. It is of note that the Group has successfully implemented its reorganisation plan in September 2012 as well recorded profits in the two consecutive quarters after the implementation of the reorganisation plan. Thus, the requirement for the upliftment of the PN17 status has been fulfilled by the Group.

On 10th July 2012, Destini achieved a milestone in its operation when its wholly-owned subsidiary, Destini Prima Sdn Bhd was awarded the Centre of Excellence (COE) award for its escape system maintenance services at its facilities in Kuantan and Butterworth. This award was made by Martin Baker Aircraft Ltd, the world's leading manufacturer of escape systems. This is only the second such award being granted by Martin Baker in the world.

CHANGE OF BOARD OF DIRECTORS COMPOSITION AND MANAGEMENT

There were major changes to Destini Board composition. Dr Mohamad Salmi Bin Mohd Sohod and Puan Aznin Nur Ameran have resigned from the Board due to personal commitments. Both of them are replaced by Dato' Che Sulaiman Bin Shapie and Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman. I look forward to the contributions from the newly appointed members of the Board of Directors of Destini and am confident that with their combined experience and expertise, the Company will be in greater performance and achievements.

BUSINESS OUTLOOK

Destini has enjoyed a tremendous year in 2012. Looking ahead to 2013, the pipeline of new contracts is encouraging and we expect to see further good performances in these regions. We anticipate that economic conditions in Asia will remain robust. However, our core business remains solid and we are taking action to re-affirm our business in Malaysia, Indonesia and Brunei and ensure we are best placed to capitalise on the many opportunities to drive future revenue and margin growth.

Destini has identified Vanguard as the potential MRO vehicle within the marine and oil and gas industries, which is principally involved in the provision of manufacturing and servicing of lifeboats, hyperbaric lifeboats, fast rescue boats, liferafts and components and spares of on/off load hook release systems for ship operators and/or ship owners in the private and commercial sectors within the marine industry, as well as for use in the oil and gas sector. The management of Destini Group is confident that its efforts to further expand its involvement into the manufacturing and servicing of lifeboats, liferafts and on/off load hook release systems, would serve as a major thrust to further provide a wider range of its services and products to the marine industry within the South East Asian region.

This will enable Destini to offer competitive pricing to its customers and therefore increase its market share and profitability. The Vanguard Subscription is expected to contribute to the future development and growth of Destini Group.

In the long run, the Company plans to manufacture and supply liferafts, life jackets and other safety, rescue and survival equipment to operators in the aviation, marine and oil and gas sector. The Company aims to be a one-stop centre for the supply of defence and commercial aviation and marine equipment as well as accessories and the proposed business venture and investment is one of the approach to ensure the Company achieve its objectives. Such ventures and investments will further strengthen Destini's position as the key provider of MRO for the marine and aviation industries, both by the government and commercial sector.

In the longer term, we remain very positive about the opportunities to grow the business and we are well positioned to capitalise on the significant growth potential in both defence and commercial aviation and marine as well as oil and gas industries globally. We also expect to generate more cost efficiencies, supporting our belief that we will make further progress in the operating profit margin.

APPRECIATION

Perseverance, foresight, rational thinking and a determination to succeed were key markers that helped Destini Group establish itself in the thick of this chaotic period. Destini's achievements reflect the creative and entrepreneurial spirit of a resourceful team led by a competent board of directors schooled in solid economic fundamentals. In the course of its decade-long existence, Destini has expanded organically with strategic investments which have spun high quality business ventures and services.

Finally, on behalf of the Board, I would like to extend my sincere thanks to all of our loyal shareholders and the employees of Destini Group of Companies. They have delivered exceptional results in difficult economic conditions while at the same time reinforcing Destini's growing reputation as a reliable service provider in the aviation and marine industries.

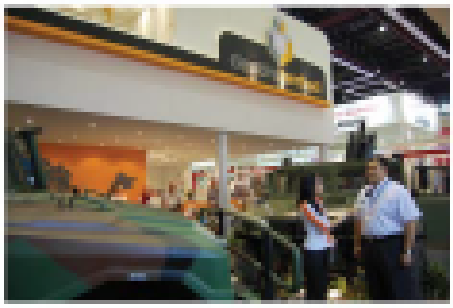
Thank you.

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

HIGHLIGHTS OF 2012

10 July 2012 - Center Of Excellence Award (COE)

Martin-Baker Aircraft Company Ltd presented the COE award for the escape system maintenance facilities operated by Destini Prima Sdn Bhd during the Farnborough International Airshow 2012.



16 -19 April 2012 - Defence Service Asia 2012 Exhibition (DSA 2012)

Participated in DSA 2012 at PWTC, Kuala Lumpur.

24 November 2012- Re-trading of Destini's Shares

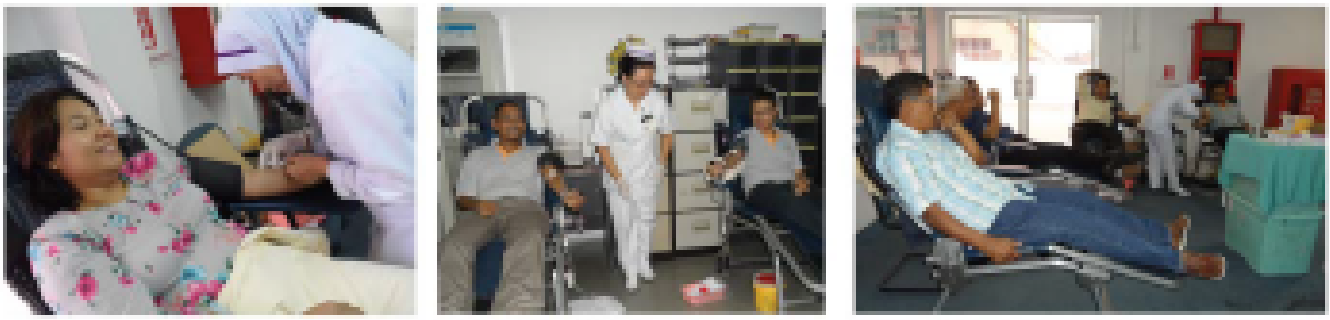
Re-trading of Destini Berhad's shares on Bursa Malaysia.

24 September 2012 - Long-term Contract Performance Monitoring Committee Meeting

Visit by YBhg Puan Zaiton Binti Johari, Secretary of Procurement Division, Ministry of Defence.

24 November 2012 - Signing Ceremony between Destini Berhad and Vanguard Composite Engineering Pte Ltd

Signing Ceremony between Destini Berhad and Vanguard Composite Engineering Pte Ltd (Vanguard) for the acquisition of 51% shares in Vanguard.



20 June 2012- Blood Donation

Destini Berhad organised a blood donation event in collaboration with the Klang Hospital.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

The Board acknowledges that the practice of good corporate governance is an essential part in the Group's continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in Malaysian Code on Corporate Governance 2012 ("the Code") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in the Code to the best interest of the shareholders of the Company.

Set out below is a statement which outlines the application of the various principles and complied with the best practice provisions as laid out in the Code throughout the financial year ended 31 December 2012 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD OF DIRECTORS

Board Balance

The Board consists of seven (7) members, which comprises of a Non-Independent & Non-Executive Chairman, one (1) Managing Director, one (1) Executive Director, three (3) Independent & Non-Executive Directors, and one (1) Non-Independent & Non-Executive Director. The profiles of these Board members are laid out in pages 8 to 9.

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.

Board Responsibilities

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

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

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

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

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

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

In discharging its fiduciary duties, the Board has delegated specific tasks to two (2) Board Committees namely the Audit Committee and Nomination and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

Board Meetings

The Board held six (6) meetings during the financial year ended 31 December 2012. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	6/6
Dato' Abdul Aziz Bin Sheikh Fadzir	5/6
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	6/6
Azhar Bin Azizan@Harun	6/6
Abdul Rahman Bin Mohamed Rejab	5/6
Dato' Che Sulaiman Bin Shapie (Appointed on 8 January 2013)	Not Applicable
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman (Appointed on 8 January 2013)	Not Applicable
Aznin Nur Binti Ameran (Resigned on 18 January 2013)	5/6
Dr. Mohamad Salmi Bin Mohd Sohod (Resigned on 15 October 2012)	4/5

**The above table only reflects the attendance and the number of meetings held during the period the Director held office.*

Supply of Information

The Board has unrestricted access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings. The Board also has access to the advice and services of the Company Secretary and may seek independent advice, in furtherance of their duties if so required.

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Program. All new Directors are required to attend the "Mandatory Accreditation Program" organized by such body corporate as may be approved by Malaysia Securities Berhad ("Bursa Securities") within four (4) months from the date of appointment. Directors are required to fulfill their obligations in respect of the attendance of the Continuing Education Program (CEP). The Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

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

Name of Director	Date	Courses attended
Azhar Bin Azizan @ Harun	12 January 2012	2012 Amendments to Listing Requirements & Corporate Governance Blueprint"
	10 April 2012	Bursa Malaysia - Controversies on Financial Reporting Practices in Malaysia - An educational Perspective and Reviewing the Risks and Control on the Quality of Financial Statement
	23 October 2012	Related Party Transactions-Caution for Investors in Asia
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	10 April 2012	Bursa Malaysia - Controversies on Financial Reporting Practices in Malaysia-An educational Perspective and Reviewing the Risks and Control on the Quality of Financial Statement
Dato' Abdul Aziz Bin Sheikh Fadzir	10 April 2012	Bursa Malaysia - Controversies on Financial Reporting Practices in Malaysia - An educational Perspective and Reviewing the Risks and Control on the Quality of Financial Statement
Dr. Mohamad Salmi Bin Mohd Sohod	10 April 2012	Bursa Malaysia - Controversies on Financial Reporting Practices in Malaysia - An educational Perspective and Reviewing the Risks and Control on the Quality of Financial Statement
Aznin Nur Binti Ameran	10 April 2012	Bursa Malaysia - Controversies on Financial Reporting Practices in Malaysia - An educational Perspective and Reviewing the Risks and Control on the Quality of Financial Statement
Abdul Rahman Bin Mohamed Rejab	10 April 2012	Bursa Malaysia - Controversies on Financial Reporting Practices in Malaysia - An educational Perspective and Reviewing the Risks and Control on the Quality of Financial Statement
Dato' Che Sulaiman Bin Shapie		Not Applicable *
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman		Not Applicable *

** Dato' Che Sulaiman Bin Shapie and Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman was appointed as a director of the Company on 8 January 2013.*

NOMINATION AND REMUNERATION COMMITTEE

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

The present members of the NRC are:

Chairman Dato' Abdul Aziz Bin Sheikh Fadzir
Aznin Nur Binti Ameran (Resigned as Chairperson on 18 January 2013)

Members Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
Dato' Che Sulaiman Bin Shapie
Abdul Rahman Bin Mohamed Rejab (Resigned as a member on 8 January 2013)

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

Terms of Reference

1. Composition

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

2. Duties and Responsibilities

The duties and responsibilities of the NRC shall be:

a) Set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of Executive Director and the Group Managing Director.
b) Represent the public interest and avoid any inappropriate use of public fund when considering severance payments for senior staff.
c) To carry out such other functions as may be agreed to by the NRC and the Board of Directors.

3. Meeting and Minutes

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

Summary of Activities of the Nomination and Remuneration Committee

The activities undertaken by the NRC during the financial year ended 31 December 2012 included the following:-

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

2. Reviewed and recommended remuneration package for the Directors.

Appointments to the Board

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

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

Re-election of Directors

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

Reinforce Independence

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

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

DIRECTORS' REMUNERATION

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

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

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

	FEES (RM)	SALARIES AND OTHER EMOLUMENTS (RM)	TOTAL (RM)
Executive Directors	-	450,242.00	450,242.00
Non-Executive Directors	-	142,000.00	142,000.00
Total	-	592,242.00	592,242.00

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

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

COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

Dialogue between the Group and Investors

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

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

Annual General Meeting

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls and for reviewing the effectiveness of these systems. Such systems can only provide reasonable but not absolute assurance against material misstatement or loss. It includes formal policies and operating procedures in relation to the safeguarding of assets, maintenance of proper accounting records and reliability of financial information, compliance with applicable legislation, regulation and best practices. The Board is continuously looking into the adequacy and integrity of its system of internal controls. The Group has operated under an established internal control framework which is described, and supported by the external auditors, in the Statement on Risk Management and Internal Control pages 28 to 29.

Internal Audit

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

Relationship with Auditors

The External Auditors, Messrs UHY have to report to the Company of their findings which are included as part of the Company's financial reports with respect to each year's audit on statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors will highlight to the Audit Committee and the Board of Directors on matters that require the Audit Committee's and Board's attention and action.

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 31 December 2012, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

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

Compliance Statement

The Group has complied throughout the financial period ended 31 December 2012, with the principles and best practices as set out in the Code.

ADDITIONAL COMPLIANCE INFORMATION

Non-audit Fees

There is no non-audit fees paid to external auditors by the Group and the Company during the financial year ended 31 December 2012.

Share Buy-Back, Options, Warrants or Convertible Securities

No Share Buy-Back, Options, Warrants or Convertible Securities were implemented and/or exercised during the financial year ended 31 December 2012.

Depository Receipt Programme

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

Imposition of Sanctions and/or Penalties

Public reprimand was imposed against Destini on 10 February 2012 for breached of Paragraph 9.16(1)(a) of the Listing Requirement for failure to take into account adjustments stated in the announcement dated 31 January 2011 and deviations between the Unaudited Results ended 30 September 2010 and the Audited Results ended 30 September 2010.

Variation in Results

There were no significant variances between the results for the financial year and the unaudited results previously announced on 28 February 2012.

Profit Guarantee

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

Material Contracts

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

Contracts Relating to Loans

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

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

There was no RRPT for the financial year ended 31 December 2012.

AUDIT COMMITTEE REPORT

The Board of Directors of Destini Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2012.

Audit Committee Members and Meeting Attendances

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

Chairman Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid
Members Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman
(Appointed as a member on 8 January 2013)
Dato' Che Sulaiman Bin Shapie (Appointed as a member on 18 January 2013)
Abdul Rahman bin Mohamed Rejab (Resigned as a member on 15 October 2012)
Aznin Nur binti Ameran (Resigned as a member on 18 January 2013)

The Audit Committee held five (5) meetings during the financial year ended 31 December 2012. The details of attendance of the Audit Committee members are as follows:-

Name of Directors	No. of meetings attended
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	5/5
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman (Appointed as a member on 8 January 2013)	Not Applicable
Dato' Che Sulaiman Bin Shapie (Appointed as a member on 18 January 2013)	Not Applicable
Aznin Nur binti Ameran (Resigned as a member on 18 January 2013)	4/5
Abdul Rahman Bin Mohamed Rejab (Resigned as a member on 15 October 2012)	3/4

**The above table only reflects the attendance and the number of meetings held during the period the Director held office.*

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

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2012 included the following:-

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;

2. Reviewed and discussed the external auditors' audit report and management's response thereof;

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

4. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by Management; and

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

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Composition

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

- The members of the Audit Committee shall elect a Chairman from amongst themselves.

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

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

2. Objectives

The primary objectives of the Audit Committee are:

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

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

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

3. Duties and Responsibilities

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

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

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

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

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

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

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

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

4. Authority

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

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

5. Meeting and Minutes

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

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

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

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

INTERNAL AUDIT FUNCTIONS

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

The costs incurred for the internal audit function in respect of the financial year is approximately RM4,690.00.

During the financial year, the following activities were carried out by the internal audit department in discharge of its responsibilities:

Summary of Activities of the Internal Audit Function

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

2. Follow up and verifying the risk management controls implemented in high risk areas as identified by the Messrs Grant Thornton during quarterly Enterprise Risk Management ("ERM") Review and Follow Up exercises during the year.

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") specified that the Board of Directors is to provide a Statement on Internal Control for the Group. The Malaysian Code of Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has in place to establish and implementing a Risk Management Committee (RMC) with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

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

Corrective Actions

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

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

Other Key Elements of Internal Control

The other key elements of the Group's internal control systems are as follows:

- Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination Committee and Remuneration Committee;
- Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;
- 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;
- Quarterly monitoring of results by the management and appropriate action taken, when necessary; and
- Regular visits to operating units by the management team and, where deemed appropriate, the Board.

Board Responsibility

The Board is responsible to maintain a sound system of internal controls and for reviewing its adequacy and integrity. It includes not only financial controls but operational and compliance controls. Due to the limitations inherent in an internal control system, management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives.

Management's Reasonability

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

Internal Audit's Responsibility

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

Conclusion

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2012 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.

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 internal control is adequate. Nevertheless, the Board recognizes that the system of 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 internal control.

This statement is made in accordance with the resolution of the Board of Directors dated 16 April 2013.

DESTINI BERHAD
(Company No.: 633265-K)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2012

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

Principle place of business:
No. 10, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

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DESTINI BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal Activities

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

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

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

Financial Results	Group RM	Company RM
Net profit for the financial year:		
Attributable to:		
- Owners of the Parent	7,050,125	251,512
- Non-controlling interests	(989)	-
	7,049,136	251,512

Dividend

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

Reserves and Provisions

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

Issue of Shares and Debentures

There were no changes in the amount of the authorised share capital of the Company. The number of authorised share capital of the Company has been increased from 200,000,000 to 1,000,000,000 due to the change in par value as result of capital reduction exercise pursuant to Section 64 of the Companies Act, 1965.

Issue of Shares and Debentures (Cont'd)

During the financial year:

(i) the Company decreased its issued and paid up capital from RM40,000,000 to RM8,000,000 by a capital reduction exercise pursuant to Section 64 of the Companies Act, 1965 involving the cancellation of RM0.40 of the par value of the existing issued and paid up ordinary shares of RM0.50 each in the Company to be off-set against the accumulated losses of the Company. The capital reduction does not affect the number of ordinary shares or rights attaching to the ordinary shares, except for the reduction in par value of each ordinary share of the Company from RM0.50 to RM0.10.

(ii) the Company increased its issued and paid-up ordinary share capital from 80,000,000 to 330,000,000 upon the completion of capital reduction by way of:

(a) the issuance of 200,000,000 ordinary shares of RM0.10 each through Rights Issue at an issue price of RM0.10 per ordinary shares for cash, to repay trade payables and also for additional working capital purposes; and

(b) the issuance of 50,000,000 ordinary shares of RM0.10 each through capitalisation of debts to BPH Capital Sdn Bhd.

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

Options Granted Over Unissued Shares

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

Directors

The Directors who served since the date of the last report are as follows:

Azhar Bin Azizan @ Harun
Dato' Rozabil @ Rozamujib Bin Abdul Rahman
Dato' Abdul Aziz Bin Haji Sheikh Fadzir
Dato' Che Sulaiman Bin Shapie
Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman
Abdul Rahman Bin Mohamed Rejab
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
Dr Mohamad Salmi Bin Mohd Sohod (Resigned on 15 October 2012)
Aznin Nur Binti Ameran (Resigned on 18 January 2013)

Directors' Interests

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

	No. of ordinary shares of RM0.10 each			
	At 1.1.2012	Acquired	Disposed	At 31.12.2012
BPH Capital Sdn Bhd, a shareholder of the Company				
Direct interest				
Ordinary shares of the Company				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	50,000,000	-	50,000,000

Directors' Benefits

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

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

Other Statutory Information

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

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of 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 realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other Statutory Information (Cont'd)

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

(i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

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

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) 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 in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

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

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the of the Group and of the Company for the financial year in which this report is made.

Significant Events

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

Subsequent Events

Subsequent events are disclosed in Note 37 to the financial statements.

Company No. | 633265 | K |

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 3 April 2013.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

AZHAR BIN AZIZAN @ HARUN

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

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

We, DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN and AZHAR BIN AZIZAN @ HARUN, being two of the Directors of DESTINI BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 145 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 146 to the financial statements have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2013.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

AZHAR BIN AZIZAN @ HARUN

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

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

I, ISMAIL BIN MUSTAFFA, being the Officer primarily responsible for the financial management of DESTINI BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 42 to 145 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed ISMAIL BIN MUSTAFFA)
at KUALA LUMPUR in the Federal)
Territory on 3 April 2013.)

ISMAIL BIN MUSTAFFA

Before me,

COMMISSIONER FOR OATHS
ARSHAD ABDULLAH
W 550

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

Report on the Financial Statements

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 145.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out on page 146 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Other Matters

1. As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 October 2010. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 October 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

UHY
Firm Number: AF 1411
Chartered Accountants

STEPHEN WAN YENG LEONG
Approved Number: 2963/07/13 (J)
Chartered Accountant

Kuala Lumpur
3 April 2013

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		<---------- Group ---------->			<---------- Company ---------->		
		31.12.2012	31.12.2011	1.10.2010	31.12.2012	31.12.2011	1.10.2010
	Note	RM	RM	RM	RM	RM	RM
Non-Current Assets							
Property, plant and equipment	4	6,550,590	2,990,670	19,316,767	746,362	185,885	16,138,076
Investment in subsidiaries	5	-	-	-	11,772,210	575,000	575,000
Investment in associates	6	1,179,037	1	1	1,000,001	1	1
Intangible assets	7	10,597,629	-	-	-	-	-
Land use rights	8	1,487,901	-	-	-	-	-
Other investment	9	110,000	85,000	60,000	-	-	-
		19,925,157	3,075,671	19,376,768	13,518,573	760,886	16,713,077
Current Assets							
Inventories	10	2,679,316	173,866	-	-	-	-
Trade receivables	11	22,334,969	10,725,280	9,616,970	-	-	-
Other receivables	12	9,075,546	5,631,666	1,791,981	4,390,018	1,568,164	47,318
Amounts owing by subsidiaries	13	-	-	-	22,685,892	5,645,863	-
Tax recoverables		412,160	1,446,960	1,446,960	-	-	-
Marketable securities	14	-	-	1,921	-	-	-
Fixed deposits with licensed banks	15	1,790,369	3,991,567	2,599,409	-	-	-
Cash and bank balances		15,937,284	5,360,292	1,259,946	647,863	1,975,817	135,174
		52,229,644	27,329,631	16,717,187	27,723,773	9,189,844	182,492
Total Assets		72,154,801	30,405,302	36,093,955	41,242,346	9,950,730	16,895,569

Company No. 633265 K

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2012

		<---------- Group ---------->			<---------- Company ---------->		
		31.12.2012	**31.12.2011**	**1.10.2010**	**31.12.2012**	**31.12.2011**	**1.10.2010**
	Note	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Equity							
Share capital	16	33,000,000	40,000,000	40,000,000	33,000,000	40,000,000	40,000,000
Share premium	17	2,111,836	3,076,196	3,076,196	2,111,836	3,076,196	3,076,196
Foreign currency translation reserve	17	(35,175)	-	-	-	-	-
Retained profit/(Accumulated losses)	18	11,622,838	(27,427,287)	(33,043,350)	(2,300,613)	(34,552,125)	(35,355,524)
Equity atributable to owners of the Company		46,699,499	15,648,909	10,032,846	32,811,223	8,524,071	7,720,672
Non-controlling interests		4,264,554	-	-	-	-	-
Total Equity		50,964,053	15,648,909	10,032,846	32,811,223	8,524,071	7,720,672
Non-Current Liabilities							
Hire purchase payables	19	605,688	292,091	262,206	-	-	-
Bank borrowings	20	-	-	2,770,695	-	-	2,770,695
Deferred tax liabilities	21	1,146,988	-	-	-	-	-
		1,752,676	292,091	3,032,901	-	-	2,770,695

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2012

		<---------- Group ---------->			<---------- Company ---------->		
		31.12.2012	31.12.2011	1.10.2010	31.12.2012	31.12.2011	1.10.2010
	Note	RM	RM	RM	RM	RM	RM
Current Liabilities							
Trade payables	22	8,392,937	5,955,698	8,013,098	-	-	-
Other payables	23	6,221,750	8,026,052	10,684,365	338,717	681,312	944,982
Amounts owing to subsidiaries	13	-	-	-	7,961,253	545,347	4,803,470
Amount owing to a director	24	1,945,392	-	-	-	-	-
Hire purchase payables	19	88,488	94,778	262,928	-	-	-
Bank borrowings	20	2,403,378	-	3,680,043	-	-	455,750
Tax payables		386,127	387,774	387,774	131,153	200,000	200,000
		19,438,072	14,464,302	23,028,208	8,431,123	1,426,659	6,404,202
Total Liabilities		21,190,748	14,756,393	26,061,109	8,431,123	1,426,659	9,174,897
Total Equity and Liabilities		72,154,801	30,405,302	36,093,955	41,242,346	9,950,730	16,895,569

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

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		1.1.2012 to 31.12.2012	1.10.2010 to 31.12.2011	1.1.2012 to 31.12.2012	1.10.2010 to 31.12.2011
	Note	RM	RM	RM	RM
Revenue	25	56,836,637	38,717,814	4,800,000	4,737,021
Cost of sales		(40,905,735)	(23,085,052)	-	-
Gross profit		15,930,902	15,632,762	4,800,000	4,737,021
Other income		2,458,150	5,458,336	22,376	3,165,521
Administrative expenses		(10,461,204)	(14,719,407)	(4,639,711)	(6,386,692)
Finance costs	26	(24,595)	(395,628)	-	(352,451)
Share of result of associates		179,036	-	-	-
Profit before tax	27	8,082,289	5,976,063	182,665	1,163,399
Taxation	28	(1,033,153)	(360,000)	68,847	(360,000)
Profit for the financial year/period		7,049,136	5,616,063	251,512	803,399
Other comprehensive income					
- Exchange translation differences		(35,175)	-	-	-
Other comprehensive income for the year/period		(35,175)	-	-	-
Total comprehensive income for the financial year/period		7,013,961	5,616,063	251,512	803,399
Profit for the financial year/period attributable to:					
Owners of the parent		7,050,125	5,616,063		
Non-controlling interests		(989)	-		
		7,049,136	5,616,063		
Total compresensive income attributable to:					
Owners of the parent		7,014,950	5,616,063		
Non-controlling interests		(989)	-		
		7,013,961	5,616,063		
Earnings per share attributable to owner of the parent (sen):					
Basic	29	5.37	7.02		

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to Owners of the Parent						
			Non-Distributable				
Group	**Share Capital RM**	**Share Premium RM**	**Foreign Currency Translation Reserve RM**	**Accumulated Losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 October 2010	40,000,000	3,076,196	-	(33,043,350)	10,032,846	-	10,032,846
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	5,616,063	5,616,063	-	5,616,063
At 31 December 2011	40,000,000	3,076,196	-	(27,427,287)	15,648,909	-	15,648,909

Company No. 633265 K

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENST OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

Company	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
At 1 October 2010	40,000,000	3,076,196	(35,355,524)	7,720,672
Profit for the financial period, representing total comprehensive income fo the financial period	-	-	803,399	803,399
At 31 December 2011	40,000,000	3,076,196	(34,552,125)	8,524,071
At 1 January 2012	40,000,000	3,076,196	(34,552,125)	8,524,071
Profit for the financial year, representing total comprehensive income fo the financial year	-	-	251,512	251,512
Transaction with owners:				
Capital reduction	(32,000,000)	-	32,000,000	-
Rights Issue	20,000,000	-	-	20,000,000
Capitalisation of debts	5,000,000	-	-	5,000,000
Share issuance expenses	-	(964,360)	-	(964,360)
Total transactions with owners	(7,000,000)	(964,360)	32,000,000	24,035,640
At 31 December 2012	33,000,000	2,111,836	(2,300,613)	32,811,223

The accompanying notes form an integral part of the financial statements

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Cash Flows From Operating Activities				
Profit before tax	8,082,289	5,976,063	182,665	1,163,399
Adjustments for:				
Allowance for doubtful debts	181,414	-	-	-
Bad debts written off	-	8,945,092	-	-
Depreciation of property, plant and equipment	620,461	766,138	163,795	53,196
Deposit written off	-	2,163	-	-
Gain on disposal of property, plant and equipment	(535,454)	(3,138,746)	(3,150)	(3,000,000)
Impairment on trade and other receivables	-	1,953,915	-	-
Interest expense	24,595	395,628	-	352,451
Interest income	(155,030)	(1,855)	(15,989)	-
Property, plant and equipment written off	-	1,480,781	-	1,069,853
Reversal of amount owing to a former Director	-	(1,751,081)	-	-
Reversal of impairment on trade and other receivables	(1,601,055)	(10,973,124)	-	-
Share of results of associates	(179,036)	-	-	-
Operating profit/(loss) before working capital changes	6,438,184	3,654,974	327,321	(361,101)

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Changes in working capital:					
Inventories		173,866	(173,866)	-	-
Receivables		(3,839,501)	(3,124,406)	(1,613,221)	(1,520,846)
Payables		(5,144,732)	(4,717,713)	(342,595)	(263,670)
Amounts owing by/to subsidiaries		-	-	(4,624,123)	(9,903,986)
Amount owing by/to director		1,945,392	-	-	-
Amounts owing by/to associates		(1,227,083)	1,446	(1,208,633)	-
		(8,092,058)	(8,014,539)	(7,788,572)	(11,688,502)
Cash used in operation		(1,653,874)	(4,359,565)	(7,461,251)	(12,049,603)
Interest received		155,030	1,855	15,989	-
Interest paid		(24,595)	(395,628)	-	(352,451)
Tax paid		-	(360,000)	-	(360,000)
Tax refund		-	-	-	-
		130,435	(753,773)	15,989	(712,451)
Net cash used in operating activities		(1,523,439)	(5,113,338)	(7,445,262)	(12,762,054)
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(a)	(1,091,382)	(774,237)	(724,272)	(170,858)
Proceeds from disposal of property, plant and equipment		1,245,753	18,242,161	3,150	18,000,000
Investment in associates		(1,000,000)	-	(1,000,000)	-
Addition of other investments		(25,000)	(25,000)	-	-
Investment in subsidiaries		-	-	(11,197,210)	-
Net cash outflow arising from acquisition of subsidiaries	5(vi)	(8,123,149)	-	-	-
Changes in marketable securities		-	1,921	-	-
Net cash (used in)/from investing activities		(8,993,778)	17,444,845	(12,918,332)	17,829,142

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Cash Flows From Financing Activities				
Repayment of term loan	-	(3,382,701)	-	(3,226,445)
Repayment of bill payables	-	(3,068,037)	-	-
Repayment of hire purchase payables	(107,454)	(388,265)	-	-
Rights issue	20,000,000	-	20,000,000	-
Utilisation of share premium for share issuance expenses	(964,360)	-	(964,360)	-
Decreased/(Increased) in fixed deposits pledge to licensed banks	2,201,198	(1,392,158)	-	-
Net cash from/(used in) financing activities	21,129,384	(8,231,161)	19,035,640	(3,226,445)
Net increase/(decrease) in cash and cash equivalents	10,612,167	4,100,346	(1,327,954)	1,840,643
Effect of exchange rate fluctuations	(35,175)	-	-	-
Cash and cash equivalents at beginning of the financial year/period	5,360,292	1,259,946	1,975,817	135,174
Cash and cash equivalents at end of the financial year/period	15,937,284	5,360,292	647,863	1,975,817
Cash and cash equivalents at end of the financial year/period comprise:				
Cash and bank balances	15,937,284	5,360,292	647,863	1,975,817
Fixed deposits with licensed banks	1,790,369	3,991,567	-	-
	17,727,653	9,351,859	647,863	1,975,817
Less: Fixed deposits pledged with licensed banks	(1,790,369)	(3,991,567)	-	-
	15,937,284	5,360,292	647,863	1,975,817

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

DESTINI BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act, 1965 in Malaysia and with International Financial Reporting Standards. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. Consequently, the Group and the Company has consistently applied the accounting policies used in the preparation of its opening MFRS statement of financial position as at 1 October 2010 throughout all periods presented, as if these policies had always been in effect.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs").

The explanation and financial impacts on transition to MFRSs are disclosed in Note 39.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

		Effective date for financial periods beginning on or after
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119 (2011)	Employee Benefits	1 January 2013
MFRS 127 (2011)	Separate Financial Statements	1 January 2013
MFRS 128 (2011)	Investments in Associates and Joint Ventures	1 January 2013
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRSs contained in the document entitled "Annual Improvements 2009 –2011 Cycle"		1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 (IFRS 9 (2009))	Financial Instruments	1 January 2015
MFRS 9 (IFRS 9 (2010))	Financial Instruments	1 January 2015

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

The initial application of the standards which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior period's financial statements upon the first adoption.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

The possible financial impacts of initial application of MFRSs, which will be applied retrospectively is as follows:

MFRS 9 Financial Instruments

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

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

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

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

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces all the guidance on control and consolidation in MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation –Special Purpose Entities.

MFRS 10 changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements.

The adoption of MFRS 10 may lead to consolidation of entities that were previously not included in the Group. The Group is currently examining the financial impact of application of MFRS 10.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interest in Joint Ventures. MFRS 11 requires joint arrangement are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

The adoption of MFRS 11 will result in a change in accounting policy as the Group is currently applying proportionate method in the consolidation of its jointly-controlled entity. The Group is currently examining the financial impact of adopting MFRS 11.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. The definition of fair value under this standard emphasises the principle that fair value is a market-based measurement, not an entity specific measurement.

The adoption of MFRS 13 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 13.

MFRS 119 Employee Benefits (2011)

This revised MFRS 119 will supersede the existing MFRS 119 when effective. This new standard makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. Past service costs, whether unvested or already vested, are recognised immediately in the profit or loss as incurred and the annual defined benefit costs in the profit or loss will include net interest expense/ income on the defined benefit asset/liability.

The adoption of MFRS 119 (2011) will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 119 (2011).

The initial applications of other MFRSs are not expected to have any material financial impacts on the financial statements of the Group and the Company.

2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

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

(c) Significant accounting estimates and judgements

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

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

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

<u>Useful lives of depreciation of property, plant and equipment</u>

Management estimates the useful lives of the property, plant and equipment to be within 1 to 81 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2012, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, which resulting the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

2. Basis of Preparation (Cont'd)

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

Impairment of investment in subsidiaries

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

Impairment of investment in associates

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

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

Impairment of loans and receivables

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

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

Deferred tax assets

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

2. Basis of Preparation (Cont'd)

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

Business combinations

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

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

Management adopted income approach known as the multi-period excess earnings method ("MEEM") to value the product technology on hyperbaric lifeboats. The management did not use the market and cost approaches to value its product technology on hyperbaric lifeboats arising from the acquisition of subsidiary due to lack of sufficient information to arrive at a fair value of the intangible asset. The Group has engaged an independent valuation specialist to perform an analysis on the valuation of the product technology. Significant judgements and estimate have been involved including the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, economic barriers to entry and the discount rate applied to the cash flows. Details of the assumptions used by the management are mentioned in Note 7.

Fair value measurement of contingent consideration

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

Contingent liabilities

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

2. Basis of Preparation (Cont'd)

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

Fair value of financial instruments

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

Impairment of non-financial assets

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

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

3. Significant Accounting Policies

(a) Basis of consolidation

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

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

(i) Subsidiaries

Subsidiaries those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

Investment in subsidiaries stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

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

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

(a) Basis of consolidation (Cont'd)

(ii) Consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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

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

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in the consolidated statements of comprehensive income.

3. **Significant Accounting Policies**

(a) Basis of consolidation (Cont'd)

(iii) Goodwill on Consolidation

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

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, in accordance with Note 3(m).

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

As part of its transition to MFRS framework, the Group elected not to restate those business combinations that occurred before the date of transition to MFRS. Goodwill arising from acquisitions before 1 October 2010 has been carried forward from the previous FRS framework as at the date of transition.

(iv) Non-controlling interests

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

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

3. **Significant Accounting Policies**

(a) Basis of consolidation (Cont'd)

(v) Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss in accordance with Note 3(m).

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

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

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

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

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

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

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

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

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

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

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 October 2010, the date of transition to MFRS, which are treated as assets and liabilities of the Company. Income and expenses items are translated at the average rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rate at the dates of the transactions are used. Exchange differences arising on the translation are recognised in other comprehensive income.

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

(c) Property, plant and equipment

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

(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

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

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

(i) Recognition and measurement (Cont'd)

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(iii) Depreciation (Cont'd)

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

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

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

(d) Leases

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

For arrangements entered into prior to 1 January 2010, the date of inception is deemed to be 1 January 2010 in accordance with the MFRS 1.

(i) Finance lease

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

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

(d) Leases (Cont'd)

(i) Finance lease (Cont'd)

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

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

(ii) Operating leases

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

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

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

(e) Intangible assets

(i) Internally-generated intangible assets –research and development Costs

Research costs are expensed as incurred.

Development expenditures, on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development.

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

(e) Intangible assets (Cont'd)

(i) Internally-generated intangible assets – research and development Costs (Cont'd)

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

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

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

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

(ii) Intangible assets acquired separately

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

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

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

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

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

(e) Intangible assets (Cont'd)

(iii) Intangible assets acquired in a business combination

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

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

(f) Financial assets

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

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

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

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

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

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

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

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

(f) Financial assets (Cont'd)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

(f) Financial assets (Cont'd)

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

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

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

Regular way purchase or sale of financial assets

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

Derecognition

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

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

(g) Financial Liabilities

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

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

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

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

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

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

(ii) Other liabilities measured at amortised cost

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

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

(iii) Financial guarantee contracts

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

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

(g) Financial Liabilities (Cont'd)

(iii) Financial guarantee contracts (Cont'd)

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

Derecognition

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

Offsetting of Financial Instruments

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

(h) Land use rights

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

(i) Inventories

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

Cost of raw material is determined on weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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

(i) Inventories (Cont'd)

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

(j) Construction contract

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

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

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

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

(k) Cash and cash equivalents

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

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

(l) Government grant

Cash grants received from government are recognised upon receipt.

(m) Impairment of Assets

(i) Non-financial assets

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

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

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

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

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

(m) Impairment of Assets (Cont'd)

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

Impairment of goodwill

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

(ii) Financial assets

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

Financial assets carried at amortised cost

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

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

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

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

(m) Impairment of Assets (Cont'd)

(ii) Financial assets (Cont'd)

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

Available-for-sale financial assets

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

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

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

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

(n) Share capital

(i) Ordinary shares

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(o) Provisions

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

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

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

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits

(i) Short term Employee Benefits

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

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

(ii) Defined contribution plans

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

(q) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return if goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rendering of services

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

3. Significant Accounting Policies (Cont'd)

(q) Revenue (Cont'd)

(iii) Construction contracts

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

(iv) Dividend Income

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

(v) Rental Income

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

(vi) Interest Income

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

(vii) Management fee

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

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. Significant Accounting Policies (Cont'd)

(s) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

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

(t) 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.

(u) 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.

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4. Property, Plant and Equipment

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

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

GROUP (Cont'd)	Properties RM	Leasehold industrial land RM	Building under construction RM	Furniture and fittings RM	Office equipment RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
2011										
At cost										
At 1 October 2010	750,000	15,000,000	1,069,853	540,111	858,914	1,177,355	2,909,509	2,174,107	2,032,676	26,512,525
Additions	-	-	-	-	3,850	18,046	314,741	659,419	28,181	1,024,237
Disposals	-	(15,000,000)	-	-	-	-	(852,023)	-	(395,817)	(16,247,840)
Written off	-	-	(1,069,853)	(72,366)	(544,448)	-	-	(982,401)	(6,950)	(2,676,018)
At 31 December 2011	750,000	-	-	467,745	318,316	1,195,401	2,372,227	1,851,125	1,658,090	8,612,904
Accumulated depreciation										
At 1 October 2010	26,471	-	-	413,907	650,873	623,880	2,554,924	1,064,123	1,861,580	7,195,758
Charge for the financial period	11,029	-	-	36,141	61,727	88,402	209,699	239,157	119,983	766,138
Disposals	-	-	-	-	-	-	(748,723)	-	(395,702)	(1,144,425)
Written off	-	-	-	(72,086)	(464,363)	-	-	(651,838)	(6,950)	(1,195,237)
At 31 December 2011	37,500	-	-	377,962	248,237	712,282	2,015,900	651,442	1,578,911	5,622,234
Carrying amount										
At 31 December 2011	712,500	-	-	89,783	70,079	483,119	356,327	1,199,683	79,179	2,990,670
At 1 October 2010	723,529	15,000,000	1,069,853	126,204	208,041	553,475	354,585	1,109,984	171,096	19,316,767

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

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

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

Company (Cont'd)	Leasehold industrial land RM	Building under construction RM	Renovation RM	Computers RM	Office equipment RM	Furniture and fittings RM	Total RM
2011							
At cost							
At 1 October 2010	15,000,000	1,069,853	12,500	82,086	3,900	-	16,168,339
Additions	-	-	153,561	17,297	-	-	170,858
Disposals	(15,000,000)	-	-	-	-	-	(15,000,000)
Written off	-	(1,069,853)	-	-	-	-	(1,069,853)
At 31 December 2011	-	-	166,061	99,383	3,900	-	269,344
Accumulated depreciation							
At 1 October 2010	-	-	6,667	23,368	228	-	30,263
Charge for the financial period	-	-	19,051	33,658	487	-	53,196
At 31 December 2011	-	-	25,718	57,026	715	-	83,459
Carrying amount							
At 31 December 2011	-	-	140,343	42,357	3,185	-	185,885
At 1 October 2010	15,000,000	1,069,853	5,833	58,718	3,672	-	16,138,076

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

(a) **Assets pledged as securities to financial institutions**

The carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 20.

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Leasehold properties	2,331,978	712,500	723,529

(b) **Assets held under hire purchase arrangements**

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

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Aggregate costs	1,506,143	1,024,237	270,290
Less: Hire purchase financing	(414,761)	(250,000)	(72,800)
Cash payment	1,091,382	774,237	197,490

Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase with carrying amount of RM708,424 (2011: RM356,325).

(c) The remaining period of the leasehold factory is 81 (2011: 82) years, which expires on 8 May 2093.

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

(d) **Assets fully depreciated which are still in use**

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

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Furniture and fittings	1,450	6,944	251,562
Office equipment	9,284	32,589	374,889
Machinery and equipment	106,870	112,359	103,616
Motor vehicles	1,022,033	1,783,908	1,393,856
Renovation	41,750	309,926	248,558
Computers and software	1,362,693	1,352,681	1,504,437
	2,544,080	3,598,407	3,876,918

5. **Investment in Subsidiaries**

	Company		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Unquoted shares, at cost			
In Malaysia	21,725,004	20,575,000	20,575,000
Outside Malaysia	10,047,206	-	-
Less: Accumulated impairment losses	(20,000,000)	(20,000,000)	(20,000,000)
	11,772,210	575,000	575,000

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

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest 2012 %	2011 %	2010 %	Principal activities
Direct holding:					
Destini Prima Sdn Bhd	Malaysia	100	100	100	Investment holding and distribution and supply of defence and commercial aviation and marine and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn Bhd	Malaysia	100	-#	-	Maintenance, repairs and overhaul of aviation electronics and safety equipment and electro -mechanical related accessories
Destini Fire Safety Sdn Bhd	Malaysia	100	-#	-	Maintenance, repairs and overhaul ground support safety equipment and related accessories
Destini Engineering Technologies Sdn Bhd (formerly known as Satang Engineering Services Sdn Bhd)	Malaysia	100	-#	-	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and other related services
Destini Info Tech Sdn Bhd	Malaysia	100	-#	-	Providing consultancy and solution services and implementing of high technology and surveillance security systems and its related services

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

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

	Name of company	Country of incorporation	Effective interest 2012 %	2011 %	2010 %	Principal activities
	Direct holding (Cont'd):					
*	Destini Australia Pty Ltd	Australia	100	-	-	Investment holding and general trading
	Destini Aero Teknologi Sdn Bhd	Malaysia	100	-	-	Dormant
	Destini HRTC Sdn Bhd	Malaysia	100	-	-	Intended to provide training and education consultancy services
*	Destini Armada Pte Ltd	Singapore	100	-	-	Investment holding
	Indirect holding: *Held through Destini Prima Sdn Bhd*					
	Satang Aviation Sdn Bhd	Malaysia	100	100	100	Maintenance, repairs and overhaul of safety and survival equipment
	Satang Dagangan Sdn Bhd	Malaysia	100	100	100	Supplying of defence and aviation equipment and accessories
	Satang Environmental Sdn Bhd	Malaysia	100	100	100	Supplying and distribution of environment products, providing training and seminar in respect of Environmental Management System and other related services

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

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

	Name of company	Country of incorporation	Effective interest 2012 %	2011 %	2010 %	Principal activities
	Indirect holding (Cont'd): *Held through Destini Prima Sdn Bhd*					
	Satang-ICS Global Sdn Bhd	Malaysia	51	51	51	Supplying and servicing of pipe cleaning products and equipments
	Satang Construction Sdn Bhd	Malaysia	99.99	99.99	99.99	Construction contracts
	Held interest through Destini Armada Pte Ltd					
*	Vanguard Composite Engineering Pte Ltd	Singapore	51	-	-	Importer, exporter and manufacturing of life boats and life saving appliances
	Held through Vanguard Composite Engineering Pte Ltd					
*	Vanguard Offshore Pte Ltd	Singapore	48	-	-	Development and sale of Self-Propelled Hyperbaric Life Boat ("SPHLB") and life saving appliances
*	Vanguard Nantong FRP Co Ltd	People Republic of China	51	-	-	Manufacturing of life boats and life saving appliances

** Subsidiaries not audited by UHY*
 # Previously held through Destini Prima Sdn Bhd

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

Incorporation of new subsidiaries

On 27 April 2012, the Company incorporated a new wholly-owned subsidiary in Adelaide, South Australia i.e. Destini Australia Pty Ltd ("Destini Australia") with the total issued and paid up capital of AUD 2.00 or approximately RM6.30. The intended principal activities of Destini Australia are investment and general trading.

On 26 November 2012, The Company announced that the Company had on 23 November 2012 incorporated a new wholly-owned subsidiary in Singapore with the name of Destini Armada Pte Ltd ("Destini Armada") with the total issued and paid up capital of SGD100.00 or approximately RM250.56. The intended principal activities of Destini Armada is as an investment holding company.

Internal reorganisation

(i) On 3 January 2012, the Company announced that it has re-organised its group structure involving transfer of entire issued and paid-up share capital of Destini Fire Safety Sdn Bhd, Destini Engineering Technologies Sdn Bhd (formerly known as Satang Engineering Services Sdn Bhd) and Destini Armada Sdn Bhd from Destini Prima Sdn Bhd to the Company. Upon completion of the internal reorganisation, these indirectly owned subsidiaries became the wholly-owned subsidiaries of the Company.

(ii) On 3 February 2012, the Company announced that it has acquired the issued and paid-up capital of Destini Info Tech Sdn Bhd from the existing shareholders, which including Destini Prima Sdn Bhd. Upon completion of the internal reorganisation, this indirectly owned subsidiary became the wholly-owned subsidiary of the Company.

Acquisition of investment in subsidiaries

(i) On 3 January 2012, the Company acquired 2 ordinary shares of RM1.00 each fully paid-up in capital of both Destini Aero Teknologi Sdn Bhd and Destini HRTC Sdn Bhd for a total cash consideration of RM2.00 for each company and became a wholly-owned subsidiaries of the Company. Both companies have not commenced business since their incorporation.

(ii) On 7 March 2012, the Company has subscribed additional 99,998 new ordinary shares of RM 1.00 each in Destini HRTC, a wholly-owned subsidiary of the Company, at par for a total cash consideration of RM99,998.

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

Acquisition of investment in subsidiaries (Cont'd)

(iii) On 7 March 2012, the Company has subscribed additional 50,000 new ordinary shares of RM 1.00 each in Destini Info Tech Sdn Bhd, a wholly-owned subsidiary of the Company, at par for a total cash consideration of RM250,000.

(iv) On 16 April 2012, a wholly-owned subsidiary of the Company, Destini Prima Sdn Bhd has subscribed additional 250,000 new ordinary shares of RM1.00 each in Destini Armada Sdn Bhd, at par for a total cash consideration of RM250,000.

(v) On 24 December 2012, the Company subscribed for an additional 3,999,900 new ordinary shares of SGD1.00 each in Destini Armada Pte Ltd, a wholly-owned subsidiary of the Company, at par for a total cash consideration of SGD3,999,900 or approximately RM9,999,750 only ("Subscription").

Pursuant to the Subscription, the total issued and paid-up share capital of Destini Armada has increased from 100 ordinary shares of SGD1.00 each to 4,000,000 ordinary shares of SGD1.00 each. As a result of this Subscription, the total cost of investment of the Company in Destini Armada has increased from SGD100.00 or approximately RM250 to SGD4,000,000 or approximately RM10,000,000.

(vi) On 24 December 2012, the Company through its wholly-owned subsidiary, Destini Armada has entered into a Subscription and Shareholder Agreement ("Agreement") to subscribe for 520,408 new ordinary shares of SGD1.00 each in Vanguard Composite Engineering Pte Ltd ("Vanguard"), representing 51% of the issued and paid-up share capital of Vanguard with a total consideration for SGD4 million (or approximately RM10 million) to be satisfied entirely by cash.

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

Fair value of identifiable assets acquired and liabilities assumed

	Group 2012 RM
Property, plant and equipment	3,384,537
Intangible assets	3,850,635
Land use right	1,487,901
Inventories	2,679,316
Trade and other receivables	8,567,343
Cash and bank balances	1,888,851
Trade and other payables	(10,777,668)
Bank borrowings	(2,403,378)
Total identifiable assets and liabilities	8,677,537

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

Acquisition of investment in subsidiaries (Cont'd)

(vi)

Net cash outflow arising from acquisition of subsidiary

	Group 2012 RM
Purchase consideration satisfied in cash	10,012,000
Cash and cash equivalents of subsidiaries acquired	(1,888,851)
	8,123,149

Goodwill arising from business combination

	Group 2012 RM
Fair value of consideration transferred	10,012,000
Fair value of identifiable assets acquired and liabilities assumed	(8,677,537)
Non-controlling interests, based on their proportionate interest the recognised amounts of the assets and liabilities of the acquiree	4,265,543
Fair value of asset separately recognised:	
Intangible assets	(6,746,994)
Deferred tax liability	1,146,988
Goodwill	-

In accordance with the accounting policy set out in Note 3(a)(iv), the Group elected to recognise the non-controlling interests in acquired subsidiary at the proportionate share of the acquired net identifiable assets.

The intangible asset and its related deferred tax liability recognised on the acquisition is attributable mainly to the new product technology by the acquiree on Hyberbaric Lifeboats as further disclosed in Note 7.

Acquisition-related costs

The Group incurred acquisition-related costs of RM81,845 related to external legal fees and the diligence costs. The expenses have been included in other expenses in profit or loss.

Impact of the acquisition on the Consolidated Statement of Comprehensive Income

From the date of acquisition, the acquired subsidiary contributed to the Group's revenue and profit for the year of RMNil and RMNil respectively. If the contribution had taken place at the beginning of the financial year, the Group's revenue and profit for the year would have been RM151,094 and RM138,504 respectively.

6. Investment in Associates

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
At cost:						
Unquoted shares in Malaysia	1,030,000	30,000	30,000	1,030,000	30,000	30,000
Share of post acquisition reserve	179,036	-	-	-	-	-
Less: Accumulated impairment loss	(29,999)	(29,999)	(29,999)	(29,999)	(29,999)	(29,999)
	1,179,037	1	1	1,000,001	1	1

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

Name of company	**Effective interest**			**Principal activities**
	31.12.2012 %	**31.11.2011** %	**1.10.2010** %	
Direct interest:				
* Hasrat Mestika Sdn Bhd	30	30	30	Marketing and distributing of a new and revolutionary technology in industrial pipe cleaning
* System Enhancement Resources & Technologies Sdn Bhd	50	-	-	Supplying, servicing and up keeping army vehicles, buses and supplying GPS devices

* *Associates not audited by UHY*

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

	Group		
	31.12.2012 RM	**31.12.2011 RM**	**1.10.2010 RM**
Total assets	6,009,633	1,027	1,037
Total liabilities	2,395,628	10,298	7,802
Revenue	9,095,128	-	-
Profit/(loss) for the year/period	358,072	(933)	(3,482)

6. Investment in Associates (Cont'd)

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

	Group		
	31.12.2012	**31.12.2011**	**1.10.2010**
	RM	**RM**	**RM**
At beginning of the financial year/period	32,310	32,030	30,985
Addition during the financial year/period	-	280	1,045
At end of the fianancial year/period	32,310	32,310	32,030

7. Intangible Assets

	Product technology	**Development costs**	**Total**
	RM	RM	RM
At cost			
At 1 January 2012	-	-	-
Acquisition through business combination	6,746,994	4,753,945	11,500,939
At 31 December 2012	6,746,994	4,753,945	11,500,939
Accumulated depreciation			
At 1 January 2012	-	-	-
Acquisition through business combination	-	903,310	903,310
At 31 December 2012	-	903,310	903,310
Carrying amount			
At 31 December 2012	6,746,994	3,850,635	10,597,629

Description of the intangible assets

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

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquiree sees a potential for such market and hence has spent two years to develop the new technology. The useful life is 10 years. 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").

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

Impairment loss review of product technology

For the purpose of impairment testing, the recoverable amount of product technology has been determined based on value in use calculations using cash flow projections from management covering a ten-year period which in line with the estimated useful life of the product technology. There is no impairment loss incurred on the intangible assets during the current year.

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

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

(ii) The discount rate applied to the cash flows projections of 23% is derived from the weighted average cost of capital of the Group's hyperbaric lifeboat business comparable to the companies in the ship and boat building industry plus a reasonable risk premium.

(iii) No contributory asset charges was considered separately.

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

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

8. Land Use Right

	Total RM
Group	
At cost	
At 1 January 2012	-
Acquisition through business combination	1,560,335
At 31 December 2012	1,560,335
Accumulated depreciation	
At 1 January 2012	-
Acquisition through business combination	72,434
At 31 December 2012	72,434
Carrying amount	
At 31 December 2012	1,487,901

The Group has land use right over a plot of state-owned land in the People's Republic of China (ŕPRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 46 years.

9. Other Investment

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

	Group		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
At cost,			
Golf club membership	110,000	85,000	60,000
At market value,			
Golf club membership	200,000	200,000	200,000

10. Inventories

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
At cost			
Spare parts, consumables and trading	-	173,866	-
Raw material	1,123,876	-	-
Work-in-progress	1,167,795	-	-
Finished goods	387,645	-	-
	2,679,316	173,866	-

11. Trade Receivables

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Trade receivables:			
- Third parties	27,312,142	17,175,402	20,023,800
- Related party	42,133	-	-
	27,354,275	17,175,402	20,023,800
Less: Accumulated impairment	(5,019,306)	(6,450,122)	(10,406,830)
	22,334,969	10,725,280	9,616,970

The Group's normal trade credit terms range from 180 to 360 days (2011: 30 to 180 days). Other credit terms are assessed and approved on a case by case basis.

Related party refers to a company of which a director of the subsidiary has financial interest.

Movements in impairment during the financial year/period are as follows:

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
At beginning of the financial year/period	6,450,122	10,406,830	1,972,834
Impairment loss	170,239	1,638,292	8,433,996
Reversal of impairment	(1,601,055)	(5,595,000)	-
At end of the financial year/period	5,019,306	6,450,122	10,406,830

11. Trade Receivables (Cont'd)

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

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Neither past due nor impair	20,656,345	7,965,841	8,114,148
Past due not impaired:			
Less than 30 days	1,627,105	1,504,151	334,200
31 to 180 days	51,519	1,255,288	1,166,622
	22,334,969	10,725,280	9,614,970
Impaired	5,019,306	6,450,122	10,406,830
	27,354,275	17,175,402	20,021,800

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

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

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

At end of financial year, the highest percentage of concentration of Group's net trade receivables was 45% (31.12.2011: 38%, 1.10.2010: 62%) from Tentera Udara Diraja Malaysia.

12. Other Receivables

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
Other receivables	4,351,888	3,136,336	2,965,848	1,570,877	1,759,397	303,569
Deposits						
- Suppliers (Trade)	2,691,150	3,116,209	4,165,398	-	-	-
- Others (Non trade)	3,302,835	661,455	666,062	3,045,939	15,500	22,573
	5,993,985	3,777,664	4,831,460	3,045,939	15,500	22,573
Prepayments	549,957	526,775	866,283	73,300	93,365	21,274
	10,895,830	7,440,775	8,663,591	4,690,116	1,868,262	347,416
Less: Accumulated impairment loses	(1,820,284)	(1,809,109)	(6,871,610)	(300,098)	(300,098)	(300,098)
	9,075,546	5,631,666	1,791,981	4,390,018	1,568,164	47,318

Movements in impairment during the financial year/period are as follows:

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
At beginning of the financial year/period	1,809,109	6,871,610	5,668,410	300,098	300,098	-
Impairment loss	11,175	315,623	1,203,200	-	-	300,098
Reversal of impairment	-	(5,378,124)	-	-	-	-
At end of the financial year/period	1,820,284	1,809,109	6,871,610	300,098	300,098	300,098

Included in the deposits of the Group and the Company is a deposit of RM3 million paid for the purchase of a freehold land and building located at Shah Alam, Selangor Darul Ehsan as disclosed in Note 37(a).

13. Amounts Owing by/(to) Subsidiaries

	Company		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
Amounts owing by subsidiaries	35,114,122	18,074,093	12,428,230
Less: Accumulated impairment	(12,428,230)	(12,428,230)	(12,428,230)
	22,685,892	5,645,863	-
Amounts owing to subsidiaries	7,961,253	545,347	545,347

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

14. Marketable Securities

	Group		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
At cost:			
Quoted unit trust in Malaysia	-	-	1,921
At market value:			
Quoted unit trust in Malaysia	-	-	1,921

The recoverable amount of the marketable securities is based on its fair value less cost to sell by reference to its market price at end of the reporting period.

15. Fixed Deposits with Licensed Banks

The fixed deposits of the Group have been pledged to licensed banks as securities for banking facilities granted to subsidiary as disclosed in Note 20.

The interest rates of deposits during the financial year/period range from 3.0% to 3.2% (2011: 3.0% to 3.2% and 2010: 3.0% to 3.2%) per annum and the maturities of deposits are 30 to 365 days (2011: 30 to 365 days and 2010: 30 and 365 days) respectively.

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16. Share Capital

	Number of ordinary shares of RM0.10 (2011: RM0.50 and 2010: RM0.50)		Group/Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Authorised				
At beginning of year/period	200,000,000	200,000,000	100,000,000	100,000,000
Subdivision of ordinary shares of RM0.50 into ordinary shares of RM0.10 each	800,000,000	-	-	-
At end of year/period	1,000,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid				
At begining of year/period	80,000,000	80,000,000	40,000,000	40,000,000
Capital reduction	-	-	(32,000,000)	-
Issuance of shares of RM0.10 each:				
- Rights issue	200,000,000	-	20,000,000	-
- Capitalisation of debts	50,000,000	-	5,000,000	-
At end of year/period	330,000,000	80,000,000	33,000,000	40,000,000

16. **Share Capital (Cont'd)**

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.

There were no changes in the amount of the authorised share capital of the Company. The number of authorised share capital of the Company has been increased from 200,000,000 to 1,000,000,000 due to the change in par value as result of capital reduction exercise pursuant to Section 64 of the Companies Act, 1965.

During the financial year,

(i) the Company decreased its issued and paid up capital from RM40,000,000 to RM8,000,000 by a capital reduction exercise pursuant to Section 64 of the Companies Act, 1965 involving the cancellation of RM0.40 of the par value of the existing issued and paid up ordinary shares of RM0.50 each in the Company to be off-set against the accumulated losses of the Company. The capital reduction does not affect the number of ordinary shares or rights attaching to the ordinary shares, except for the reduction in par value of each ordinary share of the Company from RM0.50 to RM0.10.

(ii) the Company increased its issued and paid-up ordinary share capital from 80,000,000 to 330,000,000 upon the completion of capital reduction by way of:

(a) the issuance of 200,000,000 ordinary shares of RM0.10 each through rights issue at an issue price of RM0.10 per ordinary shares for cash, to repay trade payables and also for additional working capital purposes; and

(b) the issuance of 50,000,000 ordinary shares of RM0.10 each through capitalisation of debts to BPH Capital Sdn Bhd.

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

17. Reserves

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

a. Share premium

	Group and Company		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
At beginning of the financial year/period	3,076,196	3,076,196	3,076,196
Share issuance expenses	(964,360)	-	-
At end of the financial year/period	2,111,836	3,076,196	3,076,196

This relates to the premium paid on subscription of share in the Company over and above the par value of the shares. During the financial year, The share premium of RM964,360 has been used to absorb the share issue costs arising from the issuance of ordinary shares.

b. Foreign currency translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

18. Retained Profit

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

As at 31 December 2012, the 108 balance of the Company is RM346,900 (2011: RM346,900).

19. Hire Purchase Payables

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Minimum hire purchase payments:			
Payable within one year	122,509	114,359	279,003
Payable between one and five years	409,741	211,612	283,280
Payable more than five years	302,990	135,879	-
	835,240	461,850	562,283
Less : Future finance charges	(141,064)	(74,981)	(37,149)
Present value of hire purchase liabilities	694,176	386,869	525,134
Present value of hire purchase liabilities:			
Repayable within one year	88,488	94,778	262,928
Repayable between one and five years	378,294	174,327	262,206
Repayable more than five years	227,394	117,764	-
	694,176	386,869	525,134
Analysed as:			
Repayable within twelve months	88,488	94,778	262,928
Repayable after twelve months	605,688	292,091	262,206
	694,176	386,869	525,134

The hire purchase liabilities interests are charged at rates ranging from 2.38% to 4.51% (2011: 2.38% to 3.90%) per annum.

20. Bank Borrowings

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
Unsecured						
Bank overdraft	656,847	-	-	-	-	-
Secured						
Bill payables	-	-	3,068,037	-	-	-
Term loan I	-	-	3,226,445	-	-	3,226,445
Term loan II	-	-	156,256	-	-	-
Term loan III	27,721	-	-	-	-	-
Term loan IV	982,177	-	-	-	-	-
Term loan V	491,089	-	-	-	-	-
Term loan VI	245,544	-	-	-	-	-
Total bank borrowings	2,403,378	-	6,450,738	-	-	3,226,445
Analysed as:						
Repayable within twelve months						
Bank overdraft	656,847	-	-	-	-	-
Bill payables	-	-	3,068,037	-	-	-
Term loan I	-	-	455,750	-	-	455,750
Term loan II	-	-	156,256	-	-	-
Term loan III	27,721	-	-	-	-	-
Term loan IV	982,177	-	-	-	-	-
Term loan V	491,089	-	-	-	-	-
Term loan VI	245,544	-	-	-	-	-
	2,403,378	-	3,680,043	-	-	455,750
Repayable after twelve months						
Term loan I	-	-	2,770,695	-	-	2,770,695

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

Bill payables, term loan I and term loan II

These credit facilities were obtained from licensed banks and secured by the following:

(a) charge over the freehold industrial land of the Company;
(b) first debenture covering fixed and floating charges over all present and future assets of a subsidiary;
(c) pledge of fixed deposits of a subsidiary;
(d) joint and several guarantees by the Company's Directors; and
(e) corporate guarantee by the Company and a subsidiary.

Bank overdraft

Bank overdraft is guaranteed by two directors of the subsidiary and repayable on demand.

Term loan III

The secured term loan was repayable by 60 monthly installments and will be fully repaid by 2013. The loan bears interest rate of 1.12% per annum above the bank prevailing business term rate.

Term loan IV, V and VI

During the financial year, the subsidiary in PRC has obtained 3 new term loans with the outstanding balance of RM1,746,531 as at 31 December 2012 for working capital purpose as below:

Term loan IV: CNY 2,000,000 (RM982,177) with floating rate of 16% per annum for period of 11 months from 12 October 2012 to 12 September 2013.

Term loan V: CNY 1,000,000 (RM491,089) with floating rate of 16% per annum for period of 11 months from 12 October 2012 to 12 September 2013.

Term loan VI: CNY 500,000 (RM245,544) with floating rate of 6% per annum for period of 11 months from 22 August 2012 to 22 July 2013.

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

Range of interest rates during the financial year/period is as follows:

	Group			Company		
	31.12.2012	31.12.2011	1.10.2010	31.12.2012	31.12.2011	1.10.2010
	%	%	%	%	%	%
Bill payables	-	-	2.68-6.80	-	-	-
Bank overdrafts	9-14.88	-	-	-	-	-
Term loans	10.45	-	-	-	8.30	8.30

21. Deferred Tax Liabilities

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
At beginning of the year /period	-	-	-	-
Arising from business combination	1,146,988	-	-	-
At end of the year/period	1,146,988	-	-	-

Deferred tax assets/(liability) is presented after offsetting:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Intangible asset	1,146,988	-	-	-
Accelerated capital allowances	(182,805)	(167,493)	(781)	(35,500)
Unutilised tax losses	182,805	167,493	781	35,500
	1,146,988	-	-	-

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

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Unutilised tax losses	14,782,410	17,648,018	4,266,000	5,225,671
Unabsorbed capital allowances	373,121	341,529	-	-
	15,155,531	17,989,547	4,266,000	5,225,671

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

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

22. Trade Payables

	Group		
	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM
Trade payables			
- Third parties	8,035,506	5,955,698	8,013,098
- Related parties	357,431	-	-
	8,392,937	5,955,698	8,013,098

The normal trade credit terms granted to the Group range from 30 to 90 days (2011: 30 to 90 days).

Related party refers to a company of which a director of the subsidiary has financial interest.

23. Other Payables

	Group			Company		
	31.12.2012	31.12.2011	1.10.2010	31.12.2012	31.12.2011	1.10.2010
	RM	RM	RM	RM	RM	RM
Other payables	1,182,041	1,112,068	1,855,015	312,717	657,712	924,482
Accruals	2,370,718	1,513,984	2,029,350	26,000	23,600	20,500
Deposits received	2,668,991	-	-	-	-	-
Advances form shareholder	-	5,400,000	6,800,000	-	-	-
	6,221,750	8,026,052	10,684,365	338,717	681,312	944,982

Before 13 March 2011, the advances from shareholder was an amount due from the major shareholder, Pascal Resources Sdn. Bhd ("Pascal"). On 13 March 2011, Pascal and BPH Capital Sdn. Bhd. ("BPH Capital") had entered into a deed of assignment for Pascal to assign part of the amount owing by the Group to Pascal amounting to RM5 million to BPH Capital. The balance of RM400,000 would be fully settled via cash. During the financial year, the outstanding balance of RM5 million has been fully settled upon the completion of the Capitalisation of Debts, which formed part of the corporate restructuring scheme on 13 September 2012 as disclosed in Note 36(i)(c) and the remaining balance of RM400,000 has been settled by cash.

Deposits received refer to advances from customers.

24. Amount owing to a Director

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

25. Revenue

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Sales of goods	19,214,642	18,024,748	-	-
Rendering of services	25,200,674	18,893,066	-	-
Training and seminar	12,421,321	-	-	-
Construction contract	-	1,800,000	-	-
Management fee	-	-	4,800,000	4,737,021
	56,836,637	38,717,814	4,800,000	4,737,021

26. Finance Costs

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Interest expense on:				
Bill payables	-	896	-	-
Hire purchase	24,595	22,570	-	-
Term loan	-	371,573	-	352,451
Others	-	589	-	-
	24,595	395,628	-	352,451

27. Profit before Tax

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

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Auditors' remuneration	63,000	89,000	26,000	20,000
Bad debts written off	-	8,945,092	-	-
Depreciation of property, plant and equipment	620,461	766,138	163,795	53,196
Deposits written off	-	2,163	-	-
Directors' remuneration				
- salaries and other emoluments	804,862	857,068	592,242	375,984
- EPF contribution	72,360	102,648	49,320	45,048
Gain on disposal of property, plant and equipment	(535,454)	(3,138,746)	(3,150)	(3,000,000)
Loss/(Gain) on foreign exchange - realised	37,582	(245,062)	(2,538)	-
Impairment on trade and other receivables	181,414	1,953,915	-	-
Interest received	(155,030)	(1,855)	(15,989)	-
Management fee received	-	-	(4,800,000)	(4,737,021)
Property, plant and equipment written off	-	1,480,781	-	1,069,853
Rental of workshop	18,300	321,750	-	-
Rental of equipment	56,461	58,098	-	34,985
Rental of motor vehicles	39,325	16,380	-	-
Rental of premises	400,975	263,136	156,000	206,161
Reversal of amount owing to Director	-	(1,751,091)	-	-
Reversal of impairment on trade and other receivables	(1,601,055)	(10,973,124)	-	-

28. Taxation

	Group		Company	
	1.1.2012 to 31.12.2012	1.10.2010 to 31.12.2011	1.1.2012 to 31.12.2012	1.10.2010 to 31.12.2011
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Real property gain tax ("RPGT")				
Current year provision	-	360,000	-	360,000
Overprovision in prior year	(68,847)	-	(68,847)	-
	(68,847)	360,000	(68,847)	360,000
Company income tax:				
Current year provision	1,102,000	-	-	-
	1,033,153	360,000	(68,847)	360,000

Income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the financial year/period.

A reconciliation of income tax expense applicable to 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	
	1.1.2012 to 31.12.2012	1.10.2010 to 31.12.2011	1.1.2012 to 31.12.2012	1.10.2010 to 31.12.2011
	RM	RM	RM	RM
Profit before tax	8,082,289	5,976,063	182,665	1,163,399
Taxation at statutory tax rate of 25%	2,020,572	1,494,016	45,700	290,850
Expenses not deductible for tax purposes	360,803	4,134,087	186,700	562,451
Share of results of associate	(44,888)	-	-	-
Income not subject to tax	(533,900)	(5,152,925)		(750,000)
RPGT	-	360,000	-	360,000
Overprovision of RPGT in prior year	(68,847)	-	(68,847)	-
Deferred tax assets not recognised	(494,931)	162,958	(232,400)	-
Reversal of deferred tax assets not recognised	(205,656)	(638,136)	-	(103,301)
Tax expense for the financial year/period	1,033,153	360,000	(68,847)	360,000

29. Earnings Per Share

Basic earnings per shares

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Profit attributable to ordinary shareholders	7,050,125	5,616,063
Weighted average number of ordinary shares	131,232,877	80,000,000
Basic earnings per ordinary shares (in sen)	5.37	7.02

Diluted earnings per share

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

30. Staff Costs

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Staff costs (excluding Directors)	7,561,689	8,655,812	2,391,715	2,186,323

Included in the total staff costs above are contributions made to EPF under a defined contribution plan for the Group and the Company amounting to RM501,057 and RM225,594 (period ended 2011: RM882,710 and RM200,187) respectively.

31. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party information disclosed in Notes 11, 13, 22, 23 and 24, the significant related party transactions of the Group and the Company are as follows:

	Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Transactions with subsidiaries:		
Management fee received/receivables	4,800,000	4,737,021

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

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

	Group		Company	
	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.10.2010 to 31.12.2011 RM
Short-term employee benefits				
- Salaries and other emoluments	804,862	857,068	592,242	375,984
- EPF	72,360	102,648	49,320	45,048
	877,222	959,716	641,562	421,032

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

32. Segmental Information

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis.

The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

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

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

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

Segment liabilities

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

32. Segmental Information (Cont'd)

(a) Business segment

2012	Maintenance, repair, overhaul and training RM	Construction RM	Adjustments and eliminations RM	Total RM
Revenue				
Sales	56,836,637	-	-	56,836,637
Less: Inter-segment sales	-	-	-	-
Total revenue	56,836,637	-	-	56,836,637
Results				
Interest income	155,027	3	-	155,030
Interest expense	(22,555)	(2,040)	-	(24,595)
Share of result of associates	179,036	-	-	179,036
Taxation	(1,033,153)	-	-	(1,033,153)
Segment profit/(loss)	7,051,173	(2,037)	-	7,049,136
Assets				
Investment in associates	1,179,037			1,179,037
Additions to non-current assets	1,506,143	-	-	1,506,143
Segment assets	72,154,801	-	-	72,154,801

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

(a) Business segment (Cont'd)

	Maintenance, repair, overhaul and training RM	Construction RM	Adjustment and elimination RM	Total RM
2012				
Non-Cash Expenses/(Income)				
Depreciation of property, plant and equipment	620,461	-	-	620,461
Gain on disposal of property, plant and equipment	(535,454)	-	-	(535,454)
Impairment on receivables	181,414	-	-	181,414
Reversal of impairment on receivables	(1,601,055)	-	-	(1,601,055)

32. Segmental Information (Cont'd)

(a) Business segment (Cont'd)

	Maintenance, repair and overhaul RM	Construction RM	Adjustment and elimination RM	Total RM
2011				
Revenue				
Sales	38,717,814	-	-	38,717,814
Total revenue	38,717,814	-	-	38,717,814
Results				
Interest income	1,855	-	-	1,855
Interest expense	(395,628)	-	-	(395,628)
Taxation	(360,000)	-	-	(360,000)
Segment profit/(loss)	10,355,188	819,463	(5,558,588)	5,616,063
Assets				
Additions to non-current assets	1,024,237	-	-	1,024,237
Segment assets	38,299,217	30	(7,893,945)	30,405,302

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

(a) Business segment (Cont'd)

	Maintenance, repair and overhaul RM	Construction RM	Adjustment and elimination RM	Total RM
2011				
Non-Cash Expenses/(Income)				
Bad debts written off	9,004,258	-	(59,166)	8,945,092
Deposits written off	2,163	-	-	2,163
Depreciation of property, plant and equipment	763,543	2,595	-	766,138
Gain on disposal of property, plant and equipment	(3,138,746)	-	-	(3,138,746)
Impairment on receivables	1,943,310	10,605	-	1,953,915
Reversal of amount owing to a former Director	(1,751,081)	-	-	(1,751,081)
Property, plant and equipment written off	1,480,781	-	-	1,480,781
Reversal of impairment on receivables	11,836,298	-	863,174	(10,973,124)

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

32. Segmental Information (Cont'd)

(b) Geographical segments

No geographical segments information such as segment revenue, segment assets and segment capital expenditure is presented as the Group business is entirely carried out in Malaysia.

33. Capital Commitment

	Group	
	2012	2011
	RM	RM
Approved and contracted for:		
Proporty, plant and equipment	11,800,000	-

34. 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:

Group **31.12.2012**	Loans and receivables RM	Financial liabilities at amortised costs RM	Total RM
Financial Assets			
Trade receivables	22,334,969	-	22,334,969
Other receivables	9,075,546	-	9,075,546
Fixed deposits with licensed banks	1,790,369	-	1,790,369
Cash and bank balances	15,937,284	-	15,937,284
Total financial assets	49,138,168	-	49,138,168

34. Financial Instruments (Cont'd)

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

Group 31.12.2012	Loans and receivables RM	Financial liabilities at amortised costs RM	Total RM
Financial Liabilities			
Trade payables	-	8,392,937	8,392,937
Other payables	-	6,221,750	6,221,750
Amount owing to a director	-	1,945,392	1,945,392
Hire purchase payables	-	694,176	694,176
Bank borrowings	-	2,403,378	2,403,378
Total financial liabilities	-	19,657,633	19,657,633
31.12.2011			
Financial Assets			
Trade receivables	10,725,280	-	10,725,280
Other receivables	5,631,666	-	5,631,666
Fixed deposits with licensed banks	3,991,567	-	3,991,567
Cash and bank balances	5,360,292	-	5,360,292
Total financial assets	25,708,805	-	25,708,805
Financial Liabilities			
Trade payables	-	5,955,698	5,955,698
Other payables	-	8,026,052	8,026,052
Hire purchase payables	-	386,869	386,869
Total financial liabilities	-	14,368,619	14,368,619

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

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

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group			
1.10.2010			
Financial Assets			
Trade receivables	9,616,970	-	9,616,970
Other receivables	1,791,981	-	1,791,981
Fixed deposits with licensed banks	2,599,409	-	2,599,409
Cash and bank balances	1,259,946	-	1,259,946
Total financial assets	15,268,306	-	15,268,306
Financial Liabilities			
Trade payables	-	8,013,098	8,013,098
Other payables	-	10,684,365	10,684,365
Hire purchase payables	-	525,134	525,134
Bank borrowings	-	6,450,738	6,450,738
Total financial liabilities	-	25,673,335	25,673,335

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

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

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company			
31.12.2012			
Financial Assets			
Other receivable	4,390,018	-	4,390,018
Amounts owing by subsidiaries	22,685,892	-	22,685,892
Cash and banks balances	647,863	-	647,863
Total financial assets	27,723,773	-	27,723,773
Financial Liabilities			
Other payables	-	338,717	338,717
Amounts owing to subsidiaries	-	7,961,253	7,961,253
Total financial liabilities	-	8,299,970	8,299,970
31.12.2011			
Financial Assets			
Other receivable	1,568,164	-	1,568,164
Amounts owing by subsidiaries	5,645,863	-	5,645,863
Cash and banks balances	1,975,817	-	1,975,817
Total financial assets	7,621,680	-	7,621,680
Financial Liabilities			
Other payables	-	681,312	681,312
Amounts owing to subsidiaries	-	545,347	545,347
Total financial liabilities	-	1,226,659	1,226,659

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

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

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company			
1.10.2010			
Financial Assets			
Other receivable	47,318	-	47,318
Cash and banks balances	135,174	-	135,174
Total financial assets	182,492	-	182,492
Financial Liabilities			
Other payables	-	944,982	944,982
Amounts owing to subsidiaries	-	4,803,470	4,803,470
Bank borrowings		3,226,445	3,226,445
Total financial liabilities	-	8,974,897	8,974,897

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Receivables

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

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

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

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statement of financial position at the end of the reporting date represents the Group's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk except as disclosed in Note 11.

Financial guarantee
The Group provides secured bank guarantee in favour of the local authorities future purpose of development projects. The maximum exposure of credit risk amounts to RM3,949,641 (2011: RM3,949,641). The financial guarantee has not been recognised since the fair value on initial recognition was not material as the bank guarantee was secured by the fixed deposits with licensed bank.

Intercompany loan advances
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

(ii) Liquidity risk

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

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

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

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

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

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Carrying Amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total RM
GROUP						
31.12.2012						
Trade payables	8,392,937	8,392,937	-	-	-	8,392,937
Other payables	6,221,750	6,221,750	-	-	-	6,221,750
Amount owing to a director	1,945,392	1,945,392	-	-	-	1,945,392
Hire purchase payables	694,176	122,509	112,046	297,695	302,990	835,240
Bank borrowings	2,403,378	2,403,378	-	-	-	2,403,378
Total undiscounted financial liabilities	19,657,633	19,085,966	112,046	297,695	302,990	19,798,697
31.12.2011						
Trade payables	5,955,698	5,955,698	-	-	-	5,955,698
Other payables	8,026,052	8,026,052	-	-	-	8,026,052
Hire purchase payables	386,869	114,375	117,264	94,332	135,879	461,850
Total undiscounted financial liabilities	14,368,619	14,096,125	117,264	94,332	135,879	14,443,600

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

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

(ii) Liquidity risk (Cont'd)

	Carrying Amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total RM
GROUP						
1.10.2010						
Trade payables	8,013,098	8,013,098	-	-	-	8,013,098
Other payables	10,684,365	10,684,365	-	-	-	10,684,365
Hire purchase payables	525,134	279,003	283,280	-	-	562,283
Bank borrowings	6,450,738	3,680,043	2,770,695	-	-	6,450,738
Total undiscounted financial liabilities	25,673,335	22,656,509	3,053,975	-	-	25,710,484

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

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

(ii) Liquidity risk (Cont'd)

	Carrying Amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total RM
COMPANY						
31.12.2012						
Other payables	338,717	338,717	-	-	-	338,717
Amounts owing to subsidiaries	7,961,253	7,961,253	-	-	-	7,961,253
Total undiscounted financial liabilities	8,299,970	8,299,970	-	-	-	8,299,970
31.12.2011						
Other payables	681,312	681,312	-	-	-	681,312
Amounts owing to subsidiaries	545,347	545,347	-	-	-	545,347
Total undiscounted financial liabilities	1,226,659	1,226,659	-	-	-	1,226,659
1.10.2010						
Other payables	944,982	944,982	-	-	-	944,982
Amounts owing to subsidiaries	4,803,470	4,803,470	-	-	-	4,803,470
Bank borrowings	3,226,445	3,680,043	2,770,695	-	-	6,450,738
Total undiscounted financial liabilities	8,029,915	8,483,513	2,770,695	-	-	12,199,190

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

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

(iii) Market risks

(a) Foreign currency exchange risk

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

	Denominated in		
	USD	**EUR**	**GBP**
	RM	RM	RM
31.12.2012			
Trade receivables	926,801	15,316	-
Cash and bank balances	32,832	-	-
Trade payables	(275,518)	(245,249)	-
Other payables	(14,693)	(196,162)	(7,612)
	669,422	(426,095)	(7,612)
31.12.2011			
Trade payables	(32,802)	-	-
1.10.2010			
Trade payables	(712,123)	-	-

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

A 10% (2011: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased /(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

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

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

(iii) Market risks (Cont'd)

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

	Profit or loss	
	2012	**2011**
Group	**RM**	**RM**
USD	(66,942)	3,280
EURO	42,610	-
GBP	761	-

A 10% (2011: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(b) Interest rate risk

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

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

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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

Group	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
Financial Asset			
Fixed deposits with a licensed bank	1,790,369	3,991,567	2,599,409
Financial Liability			
Bank borrowings	2,403,378	-	6,450,738
Company			
Financial Liability			
Bank borrowings	-	-	3,226,445

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

(c) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group and the Company which have variable interest rates at the end of the reporting period would decrease the profit before taxation by RM6,130 (2011: increased by RM39,916 and 2010: decreased by RM38,513). This analysis assumes that all other variables remain unchanged.

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

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

(c) Fair values of financial instruments

Financial instrument at fair value

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instrument other than those carried at fair value

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

The carrying amounts of short term receivables and payable, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

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

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

	Carrying amount RM	Fair value RM
GROUP		
31.12.2012		
Financial assets		
Unquoted investment in associates	1,179,037	*
Financial liabilities		
Hire purchase payables (non-current)	605,688	703,606
31.12.2011		
Financial assets		
Unquoted investment in associates	1	*
Financial liabilities		
Hire purchase payables (non-current)	292,091	258,191

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

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

	Carrying amount RM	Fair value RM
GROUP		
1.10.2010		
Financial assets		
Unquoted investment in associates	1	*
Financial liabilities		
Hire purchase payables (non-current)	262,206	258,191
Bank borrowings	2,770,695	2,692,966
COMPANY		
31.12.2012		
Financial assets		
Unquoted investment in subsidiaries	11,772,210	*
Unquoted investment in associates	1,000,001	*
31.12.2011		
Financial assets		
Unquoted investment in subsidiaries	575,000	*
Unquoted investment in associates	1	*
1.10.2010		
Financial assets		
Unquoted investment in subsidiaries	575,000	*
Unquoted investment in associates	1	*
Financial liabilities		
Bank borrowings	2,770,695	2,692,966

34. Financial Instruments (Cont'd)

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

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

(i) Investments in unquoted equity and debt securities

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

(ii) Loans and borrowings

The 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.

35. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The gearing ratios are as follows:

	31.12.2012 RM	31.12.2011 RM	1.10.2010 RM
Total loans and borrowings	3,097,554	386,869	6,975,872
Less: Cash and cash equivalents	(15,937,284)	(5,360,292)	(1,259,946)
Net debt	(12,839,730)	(4,973,423)	5,715,926
Total equity	46,699,499	15,648,909	10,032,846
Gearing ratio	N/A	N/A	0.57

36. Significant Events

During the financial year, the following events have occured:

(i) The Company has completed its corporate restructuring scheme with regards to the following:

(a) Capital Reduction of the existing issued and paid-up capital of RM40,0000,000 comprising 80,000,0000 shares of RM0.50 each via the cancellation of RM0.40 of the par value of its shares via a High Court Order dated 5 June 2012. The exercise was completed on 22 June 2012.

(b) Rights Issue of 200,000,000 new ordinary shares of RM0.10 each on the basis of five (5) Rights Shares for every two (2) existing shares held in the Company after the Capital Reduction.

(c) Settlement of debts owing to BPH Capital Sdn Bhd ("BPH Capital") via the issuance of 50,000,000 new ordinary shares of RM0.10 each of the Company concurrently with the Rights Issue ("Capitalisation of Debts").

The corporate restructuring scheme (b) and (c) were completed on 13 September 2012.

(ii) On 27 February 2012, the Company entered into a Sale and Purchase Agreement to acquire 1,750,000 ordinary shares of RM1.00 each in System Enhancement Resources & Technologies Sdn. Bhd. representing 50% of the total issued and paid up share capital for a total cash consideration of RM1,000,000. The transaction was completed on 27 September 2012.

(iii) On 18 April 2012, Destini Prima Sdn. Bhd. has entered into a Contract with Ministry of Defence Malaysia for the supply and delivery of Anti-Tank Ammunition 40mm Rocket Propelled Grenade (RPG) for the army at a total contract sum of RM 7,902,298 for the period of two years commencing from 30 April 2012 to 31 March 2013.

(iv) On 30 April 2012, Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini Bhd, had entered into a Sale and Purchase Agreement ("SPA") with Lim Cheng Ten, Ismail Bin Abdul Hassan, Ooi Say Hak and Teh Hock Hai (collectively as "Purchaser") to dispose of its two (2) storey terrace leasehold factory at Bandar Baru Klang, Selangor Darul Ehsan ("Property") for a total consideration of RM930,000.00. The disposal was completed on 27 September 2012.

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

(v) On 27 November 2012, The Board of Directors of Destini, announced that the Company proposes to implement a private placement of up to 33,000,000 new ordinary shares of RM0.10 each in Destini, representing ten percent (10%) of the issued and paid-up share capital of the Company, to independent third party investor(s) to be identified ("Private Placement").

(vi) On 7 December 2012, further to the announcements dated 27 November 2012 in relation to the Proposed Private Placement, M&A Securities Sdn Bhd ("M&A Securities") on behalf of the Board of Directors of Destini announced that the listing application for the Placement Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad on 7 December 2012.

(vii) On 31 December 2012 The Board of Directors of the Company, via M&A Securities announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 31 December 2012, approved the listing of and quotation for up to 33,000,000 new Destini Shares to be issued pursuant to the Private Placement on the Main Market of Bursa Securities subject to the following conditions:

(i) The Company and M&A Securities must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Main LR") pertaining to the implementation of the Private Placement;

(ii) The Company and M&A Securities to inform Bursa Securities upon completion of the Private Placement;

(iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Private Placement is completed; and

(iv) M&A Securities must submit to Bursa Securities the placees' details in accordance with Paragraph 6.15 of the Main LR as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Private Placement.

37. Subsequent Events

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

(a) On 2 January 2013, the Company entered into a Sale and Purchase Agreement ("SPA") with CSL Manufacturing (M) Sdn Bhd ("Vendor") for the acquisition of freehold land and building located at Shah Alam, Selangor Darul Ehsan for a cash consideration of RM14,800,000 ("Proposed Acquistion"). The Proposed Acquisition is subject to the approval from the shareholders of the Company at an Extraordinary General Meeting to be convened and any other relevant authorities/ parties, if any.

Pursuant to the SPA, the Company shall within two (2) months from the date of the SPA take all necessary steps that are required of them to comply with the necessary regulatory requirements, and to obtain its shareholders' approval for the Proposed Acquisition. As such, the last day for the Company to undertake such steps is on 2 March 2013 ("Deadline"). The Company announced that the Vendor has agreed to grant the Company an extension of time of the Deadline by one (1) month up to 31 March 2013.

(b) On 14 January 2012, the Private Placement as mentioned in Note 36 (vi) and (vii) was completed on 14 January 2013 following to listing of and quotation for 33,000,000 placement shares on Main Market of Bursa Securities.

(c) The Company will make an application to Bursa Securities for an upliftment from an Affected Listed Issuer pursuant to the Amended Practice Note no 17/2005 status upon recording a net profit in two (2) consecutive quarters immediately after the completion and implementation of the Corporate Restructuring Scheme as disclosed in Note 36(i).

(d) On 22 January 2012, the wholly-owned subsidiary, Destini Prima Sdn Bhd ("DPSB") received a letter of award from the MINDEF awarding DPSB an extension of contract with MINDEF for the service and/or maintenance and supply of articles, components and spares, explosive publication, test equipment, ground support and special tools of safety and survival equipment to the Malaysia Army Aviation for a period of 3 years from 27 November 2012 to 26 November 2015 with additional ceiling limit of RM4 million.

(e) On 6 March 2013, one of the subsidiaries held through Destini Armada, Vanguard Composite Engineering Pte Ltd ("VCEPL") acquired 2 ordinary shares of RM1.00 each in the capital of Fleet Composit Sdn Bhd ("FCSB") for a total consideration of RM2. Following the acquisition, FCSB became a wholly-owned subsidiary of VCEPL.

37. **Subsequent Events (Cont'd)**

(f) On 3 April 2013, the Company entered into four (4) separate Heads of Agreement ("HOAs") in relations to the proposed acquisitions of the entire issued and paid-up share capital ("sale shares") of the following companies ("Target Company" or collectively the "Techno Fibre Companies") with the respective parties as set out in the table below ("vendor") at the following indicative purchase considerations ("Proposed Acquisitions").

Target Company	Vendors	Purchase consideration RM'000
Techno Fibre Australia Pty Ltd	Ramesh Ramasamy	2,667
	Cecilia JayaramanSakaran	17,709
	Krishnan Vijayan	5,241
Techno Fibre Middle East Marine Services FZE	Ramesh Ramasamy Navis Limited	17,709
Techno Fibre International Sdn Bhd	Shamsudin Bin Abdul Wahab Jamaludin Bin Salaiman	5,241
Techno Fibre (S) Pte Ltd	Remesh Ramasamy Shamsudin Bin Abdul Wahab	16,750

The above total indicative purchase consideration for the Sale Shares ("Purchase Consideration(s)") shall be satisfied entirely via the issuance of new ordinary shares of RM0.10 each in Destini ("Destini Shares") ("Consideration Shares") to the Vendors (or their nominees) a an issue price of RM0.30 each.

The Purchase Considerations are indicative at this juncture and may be subject to adjustments depending on the outcome of the due diligence to the conducted on Techno Fibre Companies. The Purchase Considerations shall be finalised upon the execution of the Sales and Purchase agreements. Subject to the fulfillment of the Condition Precedents in HOAs, the completion of the Proposed Acquisition shall occur within three (3) months from the date of HOAs or such other extended period to be agreed between the parties.

The Proposed Acquisitions are subject to the following approval:

(i) Bursa Securities for the listing of and quotation for the Consideration Shares;
(ii) Shareholders of the Company at an Extraordinary General Meeting to be convened; and
(iii) Any other relevant authorities and/ or third parties, if required.

38. Comparative Figure

The figures for the financial statements of previous period are for the financial period from 1 October 2010 to 31 December 2011. As they reflect the results for more than 12 months, these are not comparable to the current financial year's results.

39. Explaination of Transition to MFRS

As stated in Note 2(a) to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 October 2010 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 October 2010, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows:

Property, plant and equipment –Deemed cost exemption –previous revaluation

Under FRSs, the Group measured its land and buildings at valuation. The last valuation was carried out on January 2009.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM175,033 and RM2,537,800 at 1 October 2011 and 31 December 2011 was reclassified to retained profits.

The aggregate fair value of the land and buildings in January 2009 was determined to be RM15,750,000 compared to the then carrying amount of RM13,037,167 under FRSs.

39. Explaination of Transition to MFRS (Cont'd)

The impact arising from the change is summarised as follows:

Material adjustments to the Statements of Financial Position for the financial year ended 2011

	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
Consolidated statement of Financial Position			
At 1 October 2010			
Assets revaluation reserve	2,537,800	(2,537,800)	-
Accumulated losses	(35,581,150)	2,537,800	(33,043,350)
At 31 December 2011			
Assets revaluation reserve	175,033	(175,033)	-
Accumulated losses	(27,602,320)	175,033	(27,427,287)

There are no material differences between the Statement of Cash flows presented under MFRSs and the Statement of Cash Flows presented under FRSs.

40. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 3 April 2013.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company at 31 December 2012 is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits/ (accumulated losses) of the Group and of the Company as at 31 December 2012 is analysed as follows:

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiaries				
- realised	(31,990,049)	(68,292,771)	(2,300,613)	(34,552,125)
Less : Consolidation adjustments	43,612,887	40,865,484	-	-
Total retained profits/(accumulated losses)	11,622,838	(27,427,287)	(2,300,613)	(34,552,125)

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

List of Properties

Location	Description	Current Use	Tenure	Age of Buildings	Net Book Value	Date of acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh,	Approximately 1 Acre (43,551 sq. ft.)	-	Leasehold for a period of 99 years expiring on 9th may 2105 (unexpired term of about 93 years)	-	RM366,224.00	10.07.2006

ANALYSIS OF SHAREHOLDINGS
AS AT 14 MAY 2012

A. Share Capital

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM363,000,000.00
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	6	0.37	203	0.00
100 – 1,000	406	24.88	185,000	0.05
1,001 – 10,000	592	36.27	3,283,547	0.90
10,001 – 100,00 0	464	28.43	17,715,900	4.88
100,001 to less than 5% of issued shares	161	9.87	204,542,450	56.35
5% and above issued shares	3	0.18	137,272,900	37.82
Total	1,632	100	363,000,000	100

C. Director's Shareholdings as at 4 April 2013

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	-	89,000,000	24.52 (a)
2.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	-	-	-	-
3.	Azhar bin Azizan @ Harun	-	-	-	-
4.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
5.	Abdul Rahman bin Mohamed Rejab	-	-	-	-
6.	Dato' Che Sulaiman Bin Shapie	-	-	-	-
7.	Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	-	-	-	-

(a) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd

D. Substantial Shareholders as at 4 April 2013

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn Bhd	89,000,000	24.52	-	-
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	-	89,000,000	24.52 (1)
3.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	-	-	89,000,000	24.52 (2)
4.	Pascal Resources Sdn Bhd	48,272,900	13.30	-	-
5.	Mohd Aqliff Shane Abdullah	-	-	48,272,900	24.52 (3)

(1) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd
(2) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd
(3) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in Pascal Resources Sdn Bhd

E. List of 30 Largest Securities Account Holders as at 4 April 2013

No.	Name of Shareholders	Shares held	%
1.	BPH CAPITAL SDN BHD	50,000,000	13.77
2.	PASCAL RESOURCES SDN BHD	48,272,900	13.30
3.	PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	39,000,000	10.74
4.	TA NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BONG YAM KENG*	17,525,200	4.83
5.	SANTRAPRISE SDN BHD	16,500,000	4.55
6.	SETIA MEGAMAJU SDN. BHD	16,500,000	4.55
7.	NOR ASHIKIN BINTI KHAMIS	12,984,500	3.58
8.	KAMARUDIN BIN MERANUN	12,746,700	3.51
9.	SITI MUNAJAT BINTI MD GHAZALI	10,793,400	2.97
10.	POOI CHEW NGO	10,335,698	2.85
11.	HAKIM BIN SUKIRMAN	7,016,202	1.93
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MOHAMED FAISAL BIN NOOR MOHAM ED (J DEDAP-CL)*	6,097,000	1.68
13.	KHARISMA WIRA SDN. BHD	5,000,000	1.38
14.	ISMAIL BIN ASHA'ARI	4,058,250	1.12
15.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *BENEFICIARY : EXEMPT AN FOR DEUTSCHE BANK AG LONDON (PB PRIAM)*	3,551,000	0.98
16.	AIBB NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD*	3,503,900	0.97
17.	MERCSEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA*	3,198,000	0.88

E. List of 30 Largest Securities Account Holders as at 4 April 2013 (Cont'd)

No.	Name of Shareholders	Shares held	%
18.	CHONG WOON POW	3,000,000	0.83
19.	NG HWEE CHOO	2,970,000	0.82
20.	ABDUL AZIZ BIN JAMAL	2,815,700	0.78
21.	SHAHIDAN BIN KASSIM	2,810,000	0.77
22.	LIM KIAN HUAT	2,378,200	0.66
23.	AFFIN NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM GAIK ENG (LIM4779C)*	2,000,000	0.55
24.	WONG HENG KIT	2,000,000	0.55
25.	MAZLAN BIN ABD MAJID	1,886,600	0.52
26.	AHMAD KOMAROLAILI BIN ABU	1,840,000	0.51
27.	MAZLAN BIN ABD MAJID	1,788,500	0.49
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : LIM NYUK SANG @ FREDDY LIM*	1,773,500	0.49
29.	ALIRAN MATRIK SDN BHD	1,726,500	0.48
30.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)*	1,700,000	0.47
		295,771,750	**81.51**

DESTINI BERHAD
(Company No. 633265- K)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Ninth (9th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Garuda 1 & 2, Glenmarie Golf & Country Club, No.3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 May 2013, at 9.30 a.m. for the purpose of transacting the following businesses:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.	(Ordinary Resolution 1)
2.	To re-elect the following directors who shall retire pursuant to Article 86 of the Company's Articles of Association :	
	i) Dato' Rozabil @ Rozamujib Bin Abdul Rahman	(Ordinary Resolution 2)
	ii) Dato' Abdul Aziz Bin Haji Sheikh Fadzir	(Ordinary Resolution 3)
3.	To re-elect the following directors who shall retire pursuant to Article 93 of the Company's Articles of Association :	
	i) Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	(Ordinary Resolution 4)
	ii) Dato' Che Sulaiman Bin Shapie	(Ordinary Resolution 5)
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 6)
5.	**As Special Business:** To consider and, if thought fit, to pass the following resolutions: **Authority To Directors To Allot And Issue Shares** "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue."	(Ordinary Resolution 7)
6.	To transact any other business of the Company for which due notice shall have been given.	

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries
Kuala Lumpur
Date: 23 April 2013

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Registrar's office at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjourned meeting, as the case may be.

6. For the purpose of determining a member who shall be entitled to attend the Ninth (9th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 8 May 2013. Only members whose name appears on the Record of Depositors as at 8 May 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes on Special Business

Ordinary Resolution 7: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 7, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

On 10 January 2013, the Company had issued 33,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.30 per share by way of private placement ("Private Placement") pursuant to the General Mandate granted to the Directors at the Eighth (8th) Annual General Meeting held on 28 June 2012 and which will lapse at the conclusion of the Ninth (9th) Annual General Meeting. The proceeds amounting to RM9,900,000.00 arising from the Private Placement is mainly for funding Destini Group's future business expansion plans.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Ninth (9th) Annual General Meeting of the Company are :-

i)	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	Article 86	(Ordinary Resolution 2)
ii)	Dato' Abdul Aziz Bin Haji Sheikh Fadzir	Article 86	(Ordinary Resolution 3)
iii)	Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	Article 93	(Ordinary Resolution 4)
iv)	Dato' Che Sulaiman Bin Shapie	Article 93	(Ordinary Resolution 5)

The profile of the Directors standing for re-election under the Company's Articles of Association are set out on pages 8 to 9 of the Annual Report 2012. The shareholdings of the abovenamed Directors in the Company is disclosed on page 148 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 16 of the Annual Report 2012.

The Ninth (9th) Annual General Meeting of the Company will be held at Garuda 1 & 2, Glenmarie Golf & Country Club, No.3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 May 2013, at 9.30 a.m.

destiniberhad

No. of ordinary shares	CDS account no. of authorised Nominee

Proxy Form

I / We *(Full Name in Block Letters)* _____

NRIC No. / Passport No. / Company No. _____

of _____

being a member / members of DESTINI BERHAD, hereby appoint _____

NRIC No. / Passport No. _____

of _____

and/or _____

of _____

NRIC No. / Passport _____

or failing him/ her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Ninth (9th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") to be held at Garuda 1 & 2, Glenmarie Golf & Country Club, No.3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 May 2013, at 9.30 a.m.

NO.	RESOLUTIONS	FOR	AGAINST
1.	**Ordinary Resolutions** To receive the Audited Financial Statements for the year ended 31 December 2012 and Reports of the Directors' and Auditors thereon.		
2.	To re-elect Dato' Rozabil @ Rozamujib Bin Abdul Rahman as Director.		
3.	To re-elect Dato' Abdul Aziz Bin Haji Sheikh Fadzir as Director.		
4.	To re-elect Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman as Director.		
5.	To re-elect Dato' Che Sulaiman Bin Shapie as Director.		
6.	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
7.	**As Special Business :-** To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this _____ *day of* _____ *, 2013.*

Signature : _____

(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ……
Percentage : …….%

Second Proxy
No. of Shares: ……
Percentage : …….%

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Registrar's office at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjourned meeting, as the case may be.
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Fold this flap for sealing

AFFIX
STAMP

THE REGISTAR OF
DESTINI BERHAD
Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

2nd fold here

1st fold here

DESTINI BERHAD (633265-K)
No.10, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
t +603 5567 0333 f +603 5569 1233
e info@destinigroup.com
www.destinigroup.com

destiniberhad

5 June 2013

To Shareholders of Destini Berhad

Dear Sirs/Madam,

ERRATA TO ANNUAL REPORT 2012

With reference to the Annual Report 2012, we wish to inform that there are printing errors in page 148 of the Annual Report.

A copy of the amended page 148 of the Annual Report is attached herewith for reference and information.

The inadvertent amendment is much regretted.

Yours faithfully,
For **DESTINI BERHAD**

Azhar Bin Azizan @ Harun
Director

DESTINI BERHAD (633265-K)

No. 10, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan, Malaysia.

t +603 5567 0333
f +603 5569 1233
e info@destinigroup.com
www.destinigroup.com

ANALYSIS OF SHAREHOLDINGS
AS AT 4 APRIL 2013

A. Share Capital

Authorised Share Capital	: RM100,000,000.00
Issued and Paid-up Capital	: RM 36,300,000.00
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	6	0.37	203	0.00
100 - 1,000	406	24.88	185,000	0.05
1,001 - 10,000	592	36.27	3,283,547	0.90
10,001 - 100,000	464	28.43	17,715,900	4.88
100,001 to less than 5% of issued shares	161	9.87	204,542,450	56.35
5% and above issued shares	3	0.18	137,272,900	37.82
Total	**1,632**	**100**	363,000,000	**100**

C. Directors' Shareholdings as at 4 April 2013

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	-	89,000,000	24.52 [(a)]
2.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	-	-	-	-
3.	Azhar bin Azizan @ Harun	-	-	-	-
4.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
5.	Abdul Rahman bin Mohamed Rejab	-	-	-	-
6.	Dato' Che Sulaiman Bin Shapie	-	-	-	-
7.	Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	-	-	-	-

(a) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd

D. Substantial Shareholders as at 4 April 2013

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn Bhd	89,000,000	24.52	-	-
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	-	89,000,000	24.52 [(1)]
3.	Pascal Resources Sdn Bhd	48,272,900	13.30	-	-
4.	Mohd Aqliff Shane Abdullah	-	-	48,272,900	13.30 [(2)]

(1) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd

(2) Deemed interest under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in Pascal Resources Sdn Bhd