destiniberhad

ANNUAL REPORT

2016

CONTENT

INTEGRATED ENGINEERING SOLUTIONS PROVIDER

Destini focuses on offering total engineering solution that form an integral part of customers assets and businesses.

The Group's engineering capabilities are spread worldwide with facilities and operations in Asia, Australia, Middle East and Europe.

NICHE MARKET

We offer our experties in niche markets where it can provide the highest impact to customer's operations especially within the aviation, marine, oil and gas and land transport industries.

ABOUT DESTINI BERHAD

Destini Berhad is an integrated engineering solutions provider with diverse interest in the aviation, marine, land transport as well as oil and gas industries. In its formative years, the Group started off as an aviation tool and spare parts trading company supplying for the defence industry. Two decades later, Destini evolved to provide a diversified range of products and services for the aviation, marine and land transport industries for both the defence and commercial sectors. With a diverse portfolio and a wider foothold in the oil and gas industry, it has enabled the Group to expand its geographical footprint over the Asian, Australian, Middle East and European regions.

Aviation

- Provides technical line maintenance and hangar-based MRO for civil airlines
- Provides civil airline component MRO services
- Provides cylinder testing and calibration services
- Is able to take on aircraft salvage operations
- Provides safety and survival-related equipment MRO for the Armed Forces and civil airlines

Marine

- Shipbuilding and ship repair for paramilitary and commercial vessels
- Provides safety and survival-related equipment MRO for maritime agencies
- Manufactures lifeboats, fast rescue boats, davit systems and hooks

Land Transport

- Assembly, fabrication, refurbishment and MRO of vehicles used by the Armed Forces, police and other government agencies
- Assembly, fabrication, refurbishment and MRO of commercial security vehicles such as busses, coaches and vans.
- Supply electronic equipment, surveillance and tracking systems, spare parts, components and accessories for both security and defence related special vehicles.

Oil & Gas

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

Others

- Design, analyse and manufacture customized tools and equipment for aviation, naval and automotive industries in the defence sector as well as oil and gas
- Prototype development
- Rectification and modernisation of weapons testing systems
- Troubleshoot and repair services
- Waste disposal management and treatment

DESTINI'S MILESTONES

MARCH 1991

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

MAY 1998

Satang Jaya was awarded the contract to provide MRO services for the Royal Malaysian Air Forces' ("RMAF") safety and survival related equipment.

DECEMBER 2005

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

MAY 2008

Due to financial woes, Satang Holdings fell into Bursa Malaysia's PN17 category.

JULY 2009

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

SEPTEMBER 2011

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

FEBRUARY 2012

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

AUGUST 2012

Destini's suspension of trade by Bursa Malaysia was lifted on August 13 after its regularisation plan was approved.

DESTINI'S MILESTONES

DECEMBER 2012

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

MARCH 2013

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

APRIL 2013

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

AUGUST 2013

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

MARCH 2014

Destini acquired a 51.9% stake in Green Pluslink Sdn Bhd, a company that is in the business of extrusion and recycling of waste tyres to produce carbon black, diesel fuel and scrap metal.

AUGUST 2014

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

APRIL 2015

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

JUNE 2015

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

SEPTEMBER 2015

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

DESTINI'S MILESTONES

DECEMBER 2015

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

MARCH 2016

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

APRIL 2016

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

JUNE 2016

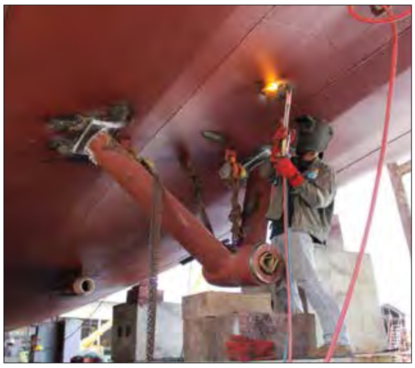
System Echancement Resources & Technologies Sdn Bhd accepted its first rail related award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and road rail vehicle for Keretapi Tanah Melayu Berhad worth RM62 million.

SEPTEMBER 2016

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

NOVEMBER 2016

DSBE and TH Heavy Engineering Berhad's wholly-owned subsidiary THHE Fabricators Sdn Bhd formed an incorporated joint venture company, to procure the award for the supply, delivery, testing and commissioning of three 80 meter Offshore Patrol Vessels.



DECEMBER 2016

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

"Strengthening shipbuilding and ship repair capabilities"

CORPORATE STRUCTURE

destiniberhad

- **100%** DESTINI PRIMA SDN BHD
- **100%** DESTINI ARMADA SDN BHD
- **100%** DESTINI ARMADA PTE LTD
- **100%** DESTINI AVIATION SDN BHD
- **100%** SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN BHD
- **100%** DESTINI OIL SERVICES SDN BHD
- **70%** DETRAC SDN BHD
- **100%** DESTINI ENGINEERING TECHNOLOGIES SDN BHD
- **100%** DESTINI INFO TECH SDN BHD
- **100%** DESTINI HRTC SDN BHD
- **100%** LAND AUTO TECHNOLOGY SDN BHD
- **100%** DESTINI FIRE SAFETY SDN BHD
- **100%** DESTINI AERO TEKNOLOGI SDN BHD
- **100%** DESTINI FIRST SDN BHD
- **51.9%** GREEN PLUSLINK SDN BHD
- **100%** PRINSIP PERTIWI SDH BHD

- 100% DB PRECISION SDN BHD
- 70% HALAMAN OPTIMA SDN BHD

- 100% TECHNO FIBRE INTERNATIONAL SDN BHD
- 100% DESTINI SHIPBUILDING AND ENGINEERING SDN BHD
  - 51% THHE DESTINI SDN BHD (FORMERLY KNOWN AS GIGIH INTEGRASI SDN BHD)

- 100% VANGUARD COMPOSITE ENGINEERING PTE LTD
  - 100% VANGUARD (NANTONG) F.R.P. CO LTD
  - 100% VANGUARD OFFSHORE PTE LTD
  - 100% VANGUARD SAFETY TECHNOLOGIES SDN BHD
- 100% TF CORP PTE LTD
  - 100% TECHNO FIBRE AUSTRALIA PTY LTD
  - 49% TF EMIRATES MARINE SERVICES L.L.C
  - 100% TECHNO FIBRE MIDDLE EAST MARINE SERVICES FZE (SHARJAH)
  - 100% TECHNO FIBRE MIDDLE EAST MARINE SERVICES (FUJAIRAH)
  - 51% TF CORP SAUDI ARABIA CO LTD
  - 100% TECHNO FIBRE (S) PTE LTD
  - 60% IMES MARINE SAFETY SYSTEMS LTD

- 80% SAFEAIR TECHNICAL SDN BHD
- 50% DESTINI AVIA TECHNIQUE SDN BHD

- 49% EMIRATES KEJURUTERAAN SAMUDRA TIMUR BERHAD PETROLEUM SERVICES LLC
- 100% MASSIVE MAXIM SDN BHD

SUBSIDIARIES, SUB-SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

01 **Destini Prima Sdn. Bhd. (223732-V)**
Supply of defense and commercial aviation and marine equipment. Maintenance, repair and overhaul services for safey, survival, security and rescue equipment.

02 **Halaman Optima Sdn. Bhd. (932855-V)**
Provides safety, security and defense products including consultancy services.

03 **System Enhancement Resources & Technologies Sdn. Bhd. (844241-K)**
Supply, servicing and up keeping military vehicles, buses, and supply of motor trollies.

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

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

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

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

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

09 **Destini Avia Technique Sdn. Bhd. (1153331-T)**
Specialise in maintenance, repair and overhaul for aircraft component and equipment catered to commercial aviation sector.

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

11 **Massive Maxim Sdn. Bhd. (1215320-V)**
Provides engineering and fabrication of structures and equipments.

12 **Emirates Kejurteraan Samudra Timur Berhad Petroleum Services L.L.C (Trade License No. 1000730)**
Provides (i) Oil and Gas Production Facilities Operation and Maintenance Services and (ii) Onshore and Offshore Oil, Gas Fields and Facilities Services.

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

14 **Destini Engineering Technologies Sdn. Bhd. (536657-H)**
Maintenance, repair and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas.

15 **Destini Info Tech Sdn. Bhd. (561654-M)**
Provides ICT consultancy and solution services.

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

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

18 **DB Precision Sdn. Bhd. (1057950-U)**
To carry on the business of provision of calibration and cylinder services.

19 **Green Pluslink Sdn. Bhd. (635222-H)**
To carry on the business of extrusion and recycling of waste tyres

20 **Land Auto Technology Sdn. Bhd. (1139580-K)**
Fabrication, manufacturing, supply delivery and maintenance of land vehicles.

21 **Prinsip Pertiwi Sdn. Bhd. (1139310-V)**
To carry on the business as general merchants

22 **Destini Armada Pte Ltd (201228769N)**
Investment Holding.

SUBSIDIARIES, SUB-SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

23 **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.

24 **Vanguard Safety Technologies Sdn. Bhd. (1033613-X)**
Manufacture, marketing and sevicing of safety survival marine related products for the marine and oil and gas industry and to provide training and technical assistance to authorised service agents globally.

25 **Vanguard Offshore Pte Ltd (200923004Z)**
Wholesaler of marine equipment and accessories (general importers and exporters of marine equipment and accessories).

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

27 **TF Corp Pte Ltd (201310889H)**
Investment Holding.

28 **IMES Marine Safety Systems Limited (SC500305)**
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

29 **Techno Fibre Australia Pty Ltd (ACN 103 625 618)**
Provides maintenance, repair and testing of lifeboats and davits on cruise ships, offshore platforms and general shipping.

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

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

32 **Techno Fibre Middle East Marine Services FZE (Sharjah) (06585)**
Supply lifeboats and davit, fast rescue repair, maintenance and load testing together with liferaft. Inspection and servicing of fire and gas protection and detection systems.

33 **Techno Fibre Middle East Marine Services (Fujairah) (12-B-113121)**
Provides marine maintenance, repair and overhaul services trading.

34 **TF Emirates Marine Services L.L.C. (TN-1794649)**
Provides marine maintenance, repair and overhaul sevices and trading.

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

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

37 **Destini Australia Pty Ltd (158 026 049)**
Dormant.

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Tan Sri Dato' Sri Rodzali Daud**
   Independent & Non-Executive Chairman

2. **Dato' Rozabil @ Rozamujib Abdul Rahman**
   Group Managing Director

3. **Dato' Sri Dr Mohmad Isa Hussain**
   Non-Independent & Non-Executive Director

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

5. **Dato' Che Sulaiman Shapie**
   Independent & Non-Executive Director

6. **Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman**
   Independent & Non-Executive Director

7. **Abdul Rahman Mohamed Rejab**
   Executive Director

AUDIT COMMITTEE

Dato' Megat Fairouz Junaidi Tan Sri Megat Junid
Chairman

Dato' Che Sulaiman Shapie

Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Dato' Sri Rodzali Daud
Chairman

Dato' Megat Fairouz Junaidi Tan Sri Megat Junid

Dato' Che Sulaiman Shapie

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)

Chong Voon Wah (MAICSA 7055003)

AUDITORS

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

PRINCIPAL BANKER

1. **AmIslamic Bank Berhad** (8515-D)

2. **Malayan Banking Berhad** (3813-K)

3. **Export-Import Bank of Malaysia Berhad** (357198-K)

4. **Affin Hwang Inverstment Bank Berhad** (14389-K)

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

REGISTRAR

Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur
Tel : 03-7727 3873
Fax : 03-7728 5948
Email : insurban@yahoo.com

INVESTOR RELATIONS

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

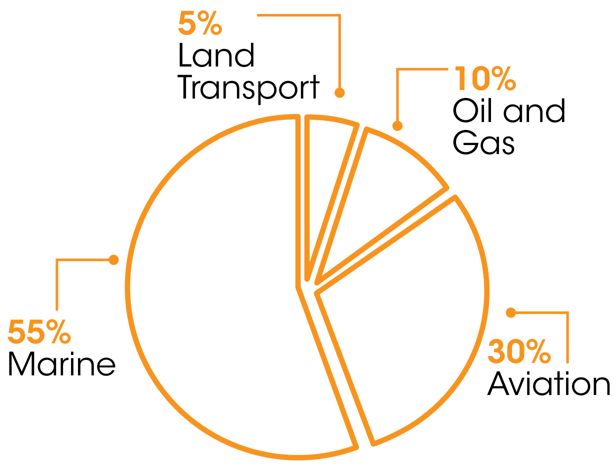
FINANCIAL PERFORMANCE AT A GLANCE

UP **31%** y-o-y
to **RM354.76** million
Revenue

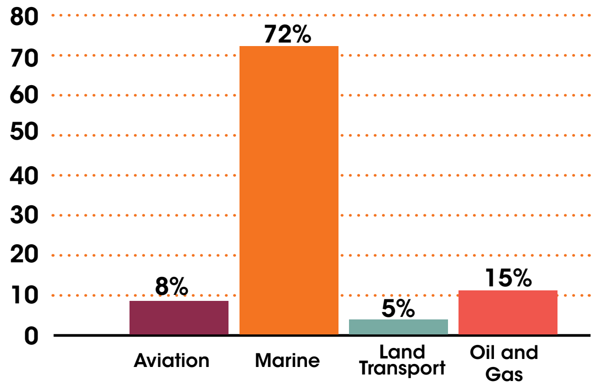
UP **56%** y-o-y
to **RM33.03** million
PATNCI

UP **25%** y-o-y
from **3.27** sen
EPS

REVENUE CONTRIBUTION



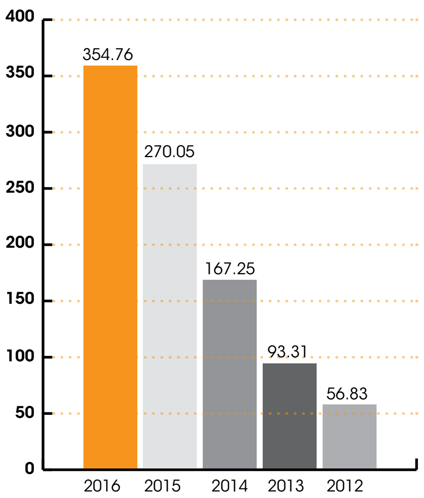
PATNCI CONTRIBUTION



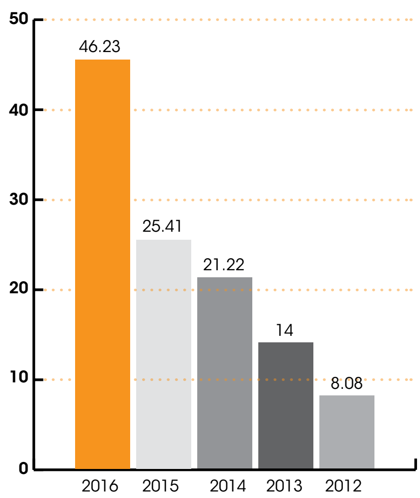
FIVE YEAR GROUP FINANCIAL PERFORMANCE

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Revenue	**354.76**	270.05	167.25	93.31	56.83
Profit Before Tax	**46.23**	25.41	21.22	14	8.08
Profit After Tax	**31.09**	17.32	14.52	10.87	7.04
Total Assets	**681.56**	500.48	343.59	167.15	72.15
Basic Earnings Per Share (sen)	**3.27**	2.61	2.28	2.09	5.37
Net Assets Per Share (sen)	**42**	38	31	21	14

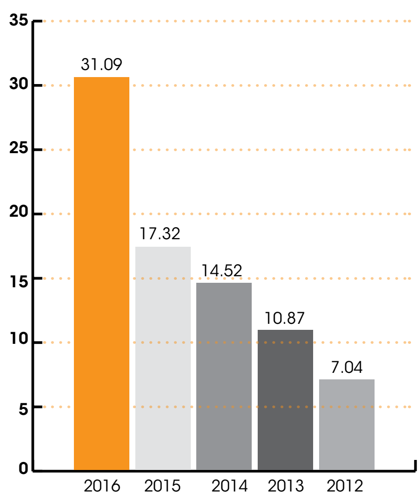
Revenue (RM'000)



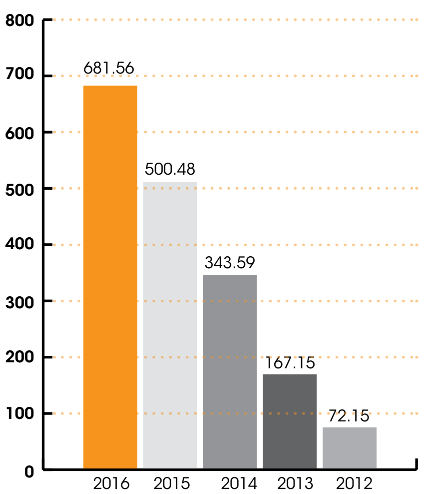
Profit Before Tax (RM'000)



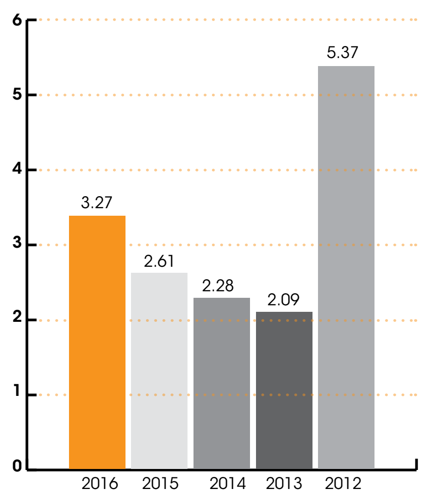
Profit After Tax (RM'000)



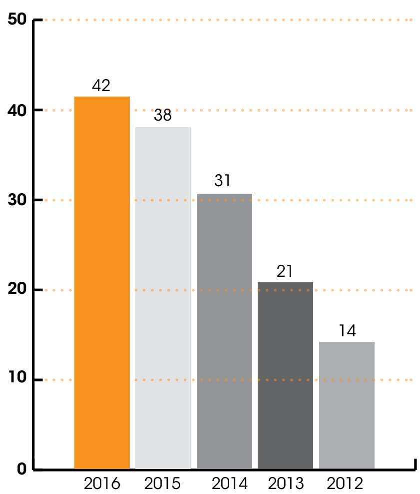
Total Assets (RM'000)



Basic Earnings Per Share (sen)



Net Assets Per Share (sen)



"Decommissioning works being done offshore Peninsular Malaysia"

BOARD OF DIRECTORS

Tan Sri Dato' Sri Rodzali Daud 1.
Independent and Non-Executive Chairman

Dato' Rozabil @ Rozamujib Abdul Rahman 2.
Group Managing Director

Dato' Sri Dr Mohmad Isa Hussain 3.
Non-Independent and Non-Executive Director

Dato' Megat Fairouz Junaidi Tan Sri Megat Junid 4.
Senior Independent & Non-Executive Director

Dato' Che Sulaiman Shapie 5.
Independent and Non-Executive Director

Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman 6.
Independent and Non-Executive Director

Abdul Rahman Mohamed Rejab 7.
Executive Director

1.

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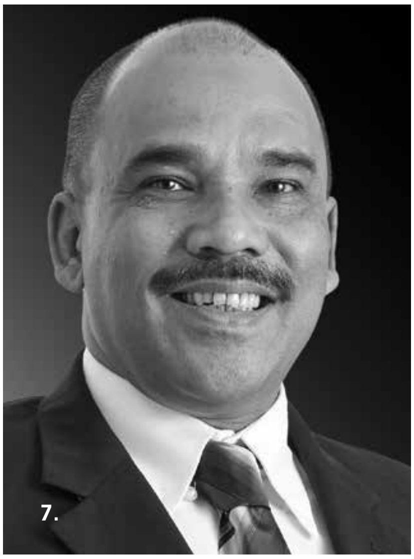

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DIRECTOR'S PROFILE

TAN SRI DATO' SRI RODZALI DAUD

Independent & Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee

Nationality - Malaysian
Gender - Male
Age - 62 Years Old
Date of Appointment - 15 May 2015
Areas of expertise - Defence

Qualifications :

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

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

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

DIRECTOR'S PROFILE

DATO' ROZABIL @ ROZAMUJIB ABDUL RAHMAN

Group Managing Director

Nationality - Malaysian
Gender - Male
Age - 45 Years Old
Date of Appointment - 3 January 2011
Areas of expertise - Construction, Investment Trading

Qualifications :

1. Executive Diploma in Plantation Management from UMCCeD, Kuala Lumpur.

Dato' Rozabil has been on the board as Group Managing Director since 7 January 2014. Initially he was 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 has diversified interests ranging from construction and property development to trading and serves as director of several other private companies. He started his career as Managing Director and owner of Benar Prima Holdings Sdn Bhd, a holding company that has businesses in engineering, property development and investments.

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

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

DIRECTOR'S PROFILE

DATO' SRI DR MOHMAD ISA HUSSAIN

Non-Independent & Non-Executive Director

Nationality - Malaysian
Gender - Male
Age - 59 Years Old
Date of Appointment - 1 December 2015
Areas of expertise - Finance, Investment

Qualifications :

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

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

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

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

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

DIRECTOR'S PROFILE

DATO' MEGAT FAIROUZ JUNAIDI TAN SRI MEGAT JUNID

Senior Independent & Non-Executive Director

1. Chairman of the Audit Committee
2. Member of the Nomination and Remuneration Committee

Nationality - Malaysian
Gender - Male
Age - 51 Years Old
Date of Appointment - 17 August 2010
Areas of expertise - Information Technology (IT)

Qualifications :

1. Bachelor of Science in Finance from Arkansas State University
2. Master in Business Administration from Arkansas State University

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

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

DIRECTOR'S PROFILE

DATO' CHE SULAIMAN SHAPIE

Independent & Non-Executive Director

1. *Member of the Audit Committee*
2. *Member of the Nomination and Remuneration Committee*

Nationality - Malaysian
Gender - Male
Age - 59 Years Old
Date of Appointment - 8 January 2013
Areas of expertise - Finance, Agriculture

Qualifications :

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

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

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

DIRECTOR'S PROFILE

PROFESSOR DATIN DR SUZANA SULAIMAN @ MOHD SULEIMAN

Independent & Non-Executive Director

Member of the Audit Committee

Nationality - Malaysian
Gender - Female
Age - 51 Years Old
Date of Appointment - 8 January 2013
Areas of expertise - Management Accounting

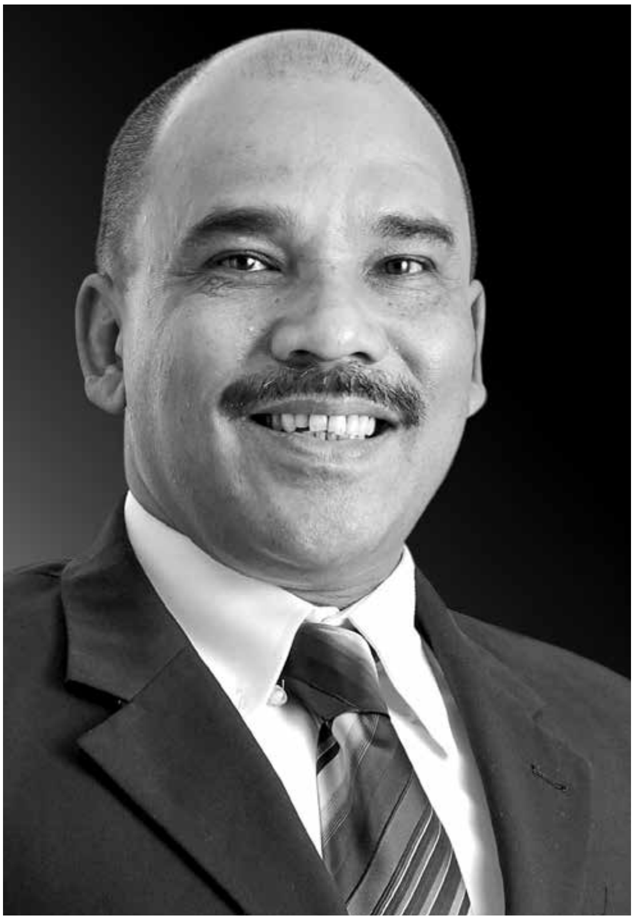
Qualifications :

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

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

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

DIRECTOR'S PROFILE



ABDUL RAHMAN MOHAMED REJAB

Executive Director

Nationality - Malaysian
Gender - Male
Age - 51 Years Old
Date of Appointment - 15 October 2012
Areas of expertise - Finance, Construction

Qualifications :

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

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

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

SENIOR MANAGEMENT TEAM

DATO' ROZABIL ABDUL RAHMAN
DESTINI BERHAD, GROUP MANAGING DIRECTOR

ABDUL RAHMAN MOHAMED REJAB
DESTINI BERHAD, EXECUTIVE DIRECTOR

ISMAIL MUSTAFFA
DESTINI BERHAD, DIRECTOR OF STRATEGIC PLANNING AND INTERNATIONAL OPERATIONS

ALEX LAM VUN CHIANG
DESTINI BERHAD, HEAD OF CORPORATE FINANCE

ROHAINI AHMAD
DESTINI BERHAD, HEAD OF HUMAN CAPITAL AND ADMINISTRATION

ARIS KEFLI MOHAMAD YUSOF
DESTINI BERHAD, HEAD OF FINANCE AND ACCOUNTING

SENIOR MANAGEMENT TEAM

SHIRAD ANUAR
DESTINI BERHAD, HEAD OF LEGAL AND CORPORATE AFFAIRS

KHAIRUL RIZAL OSMAN
DESTINI BERHAD, MANAGER, INTERNAL AUDIT

KABOL SURAT
DESTINI PRIMA SDN BHD, EXECUTIVE DIRECTOR

SURENDRAN PILLAY KUMARASAMY
SAFEAIR TECHNICAL SDN BHD, EXECUTIVE DIRECTOR

MOHD FAIZAL ALLAUDIN
DETRAC SDN BHD, EXECUTIVE DIRECTOR

ALASTAIR J BISSET
DESTINI ARMADA SDN BHD, CHIEF EXECUTIVE OFFICER

ZAINAL ABDULLAH
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDH BHD CHIEF EXECUTIVE OFFICER

SHAHRIL SUFIAN HAMDAN
DESTINI OIL SERVICES SDN BHD, CHIEF EXECUTIVE OFFICER

AHMAD IZZUDDIN AB. RAHIM
DESTINI AVIA TECHNIQUE SDN BHD, GENERAL MANAGER

SENIOR MANAGEMENT PROFILE

DATO' ROZABIL ABDUL RAHMAN

Destini Berhad, Group Managing Director

Please refer to profile on page 19

ABDUL RAHMAN MOHAMED REJAB

Destini Berhad, Executive Director

Please refer to profile on page 24

ISMAIL MUSTAFFA

Destini Berhad, Director Of Strategic Planning and International Operations

Date of Appointment - January 2011

Areas of Expertise - Finance and Accounting

Qualifications:

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

Experience:

- Chief Executive Officer, Al-Hidayah Group of Companies [2005 – 2010]
- Chief Financial Officer, I-Read International Pte Ltd [2003 – 2004]
- Assistant Director (Economic Development), Mendaki Foundation, Singapore [1999 – 2002]
- Assistant Director, Amanah Saham Mendaki, Mendaki Holdings Pte Ltd [1999 – 2002]
- Finance & Administration Manager, MUIS (A Statutory Board of Ministry of Community Development, Singapore) [1994 – 1998]
- Financial Analyst, Asia Pacific Region, United Parcel Service Inc [1992 – 1994]
- Senior Auditor, Foo, Kon & Tan Grant Thornton, CPA, Singapore [1990 – 1992]

ALEX LAM VUN CHIANG

Destini Berhad, Head of Corporate Finance

Date of Appointment - August 2016

Areas of Expertise - Finance

Qualifications:

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

Experience:

- Executive Director – Investments, Gabungan Aqrs Berhad [2015 – 2016]
- Deputy Director, Head - Malaysia Priority Financial Services 1, Corporate Investment Banking Services, RHB Investment Bank Berhad [2010 – 2015]
- General Manager, Head – Priority Broking, Hong Leong Investment Bank Berhad [2005 – 2010]

ROHAINI AHMAD

Destini Berhad, Head of Human Capital and Administration

Date of Appointment - January 2012

Areas of Expertise - Human Resource & Administration

Qualifications:

1. Degree in Corporate Communication from Nottingham Trent University
2. Diploma in Business Studies from Mara Institute of Technology

Experience:

- Executive Assistant to Managing Director, Benar Prima Group of Companies [2004 – 2011]
- Assistant Manager, Human Resource, Bina Darulaman Berhad [2000 – 2004]
- Head of Human Resource, Hotel Seri Malaysia Penang [1996 – 2000]
- Account Officer, Eon Finance Berhad – Penang Branch [1991 – 1996]

SENIOR MANAGEMENT PROFILE

ARIS KEFLI MOHAMAD YUSOF

Destini Berhad, Head Finance and Accounts

Date of Appointment - April 2012
Areas of Expertise - Accounting

Qualifications:

1. Chartered Institute of Management Accountant, UK
2. Chartered Practicing Accountants, Australia
3. Master in Business Administration, Leicester, UK
4. Advance Diploma in Accountancy, ITM
5. Malaysian Institute of Accountants (MIA)

Working Experience:

- Chief Financial Officer, Imatex Berhad [2000 – 2012]
- Accountant, U-Wood Holdings Berhad [1996 – 2000]
- Senior Accounts Executive, Propel Berhad [1993 – 1996]

SHIRAD ANUAR

Destini Berhad, Head of Legal and Corporate Affairs

Date of Appointment - March 2017
Areas of Expertise - Law and Corporate Secretarial

Qualifications:

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

Working Experience:

- Company Secretary and Legal Advisor, Utusan Melayu (Malaysia) Berhad [2013 – 2017]
- Legal Advisor, Naza Ttdi Sdn Bhd [2011 - 2013]
- Company Secretary and Legal Advisor, GJA Engineering Sdn Bhd [2009 – 2011]
- Legal Advisor, Pantai Holdings Berhad [2007 – 2009]
- Legal Advisor, Landmarks Berhad [2001 – 2007]
- Legal Manager, DRB-Hicom Berhad [1997 – 2001]
- Assistant Legal Manager, Faber Group Berhad [1995 – 1997]
- Magistrate [1991 – 1995]

KHAIRUL RIZAL OSMAN

Destini Berhad, Group Internal Audit Manager

Date of Appointment - November 2015
Areas of Expertise - Audit and Islamic Finance

Qualifications:

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

Working Experience:

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

KABOL SURAT

Destini Prima Sdn Bhd, Executive Director

Date of Appointment - March 2013
Areas of Expertise - Business Management and Logistics

Qualifications:

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

SENIOR MANAGEMENT PROFILE

KABOL SURAT (CONTINUED)

Working Experience:

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

SURENDRAN PILLAY KUMARASAMY

Safeair Technical Sdn Bhd, Executive Director

Date of Appointment - March 2013
Areas of Expertise - Business Management and Logistics

Qualifications:

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

Working Experience:

- Maintenance Manager, Safeair Technical Sdn Bhd [2010 – 2014]
- Duty Engineer, Singapore Haeco Pte Ltd [2010]
- Maintenance Controller, AirAsia Berhad [2005 – 2010]
- Acting Maintenance Manager, Thai AirAsia, AirAsia Berhad [2004 – 2005]
- Licensed Engineer, AirAsia Berhad [2003 – 2004]
- Licensed Engineer, Malaysia Airlines Systems Berhad [1999 – 2003]

MOHD FAIZAL ALLAUDIN

Detrac Sdn Bhd, Executive Director

Date of Appointment - August 2014
Areas of Expertise - Aerospace Engineer

Qualifications:

1. Degree in Aerospace Engineering, University Science Malaysia
2. Master of Space Studies, International Space University, France

Working Experience:

- General Manager, FAAS Engineering [2010 – 2014]
- Lecturer, School of Aerospace Engineering, USM [2003 – 2010]

ALASTAIR JOHN BISSET

Destini Armada Sdn Bhd, Chief Executive Officer

Date of Appointment - September 2014
Areas of Expertise - General Management and Shipbuilding

Qualifications:

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

Working Experience:

- Business Development Director, BAE Systems Plc [2013 – 2014]
- International Director, QinetiQ Plc [2002 – 2012]

SENIOR MANAGEMENT PROFILE

ZAINAL ABDULLAH

System Enhancement Resources and Technologies Sdn Bhd, Chief Executive Officer

Date of Appointment - December 2012
Areas of Expertise - Marketing, Business Development and Engineering

Qualifications:

1. Diploma in Strategic and Defence Studies from University Malaya
2. Diploma from Malaysia Armed Forces Command and Staff College

Working Experience:

- Marketing Manager, DRB-Hicom-Deftech [2005 – 2007]
- Project Manager, Syarikat Malaysia Explosive Ordnans [2004]
- Technical Officer, Malaysia Armed Forces [1992 – 2003]

SHAHRIL SUFIAN HAMDAN

Destini Oil Sdn Bhd, Chief Executive Officer

Date of Appointment - May 2014
Areas of Expertise - Management

Qualifications:

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

Working Experience:

- Associate, McKinsey and Company [2011 – 2014]
- Senior Manager, Teach for Malaysia [2011]
- Policy Aide to Rebau's Member of Parliament [2010]

AHMAD IZUDDIN AB. RAHIM

Destini Avia Technique Sdn Bhd, General Manager

Date of Appointment - November 2016
Areas of Expertise - Aircraft Maintenance Engineering

Qualifications:

1. Master of Science (Industry & Technology Management), UKM
2. Licensed Aircraft Maintenance Engineer - DCA, EASA
3. Member of Chartered Institute Logistics & Transport, UK

Working Experience:

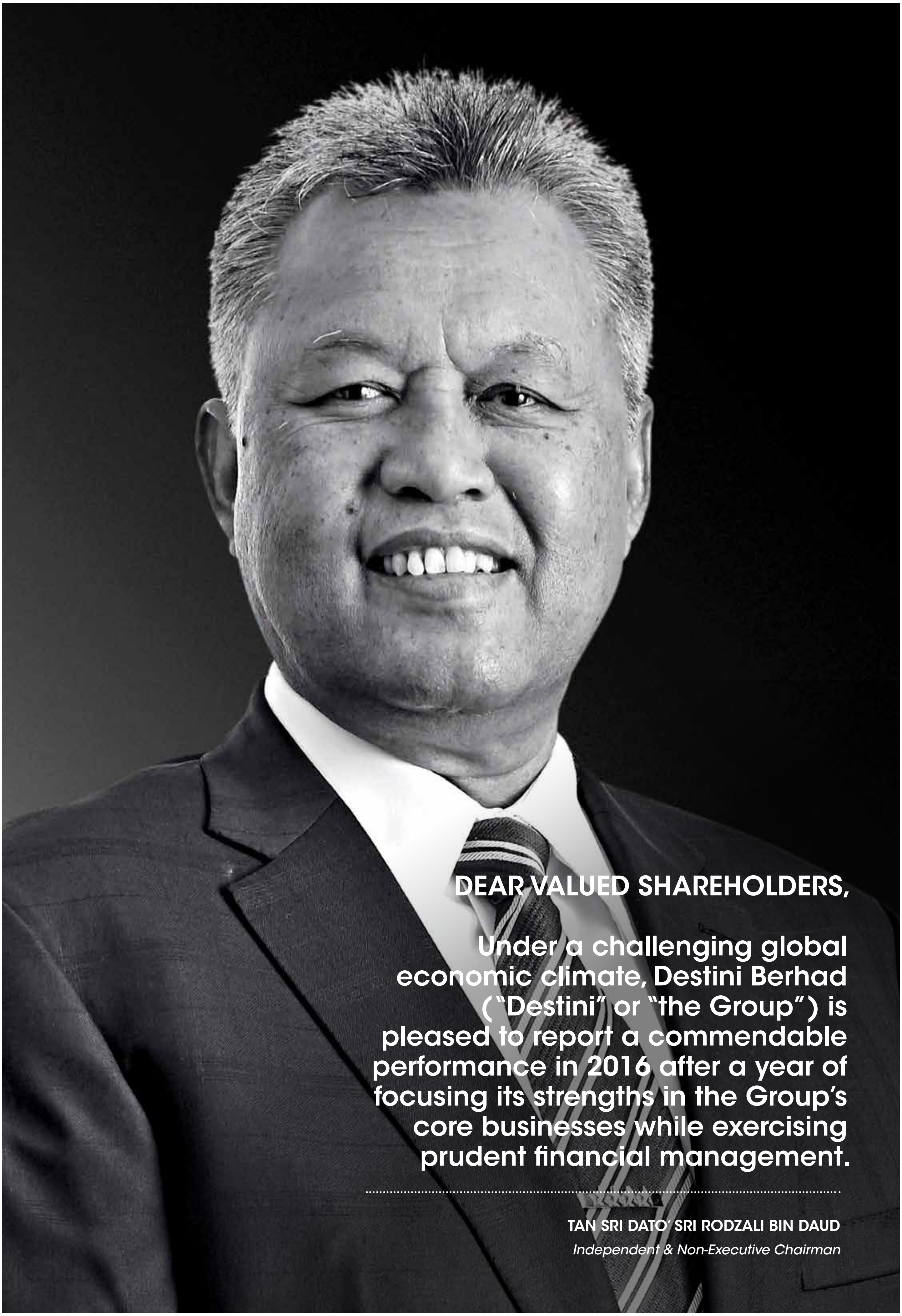
- Head/Senior Manager Workshop, Malaysia Airlines Systems Berhad [2009 – 2015]
- Manager, Programme Management Office [2001 – 2009]
- Licensed Aircraft Maintenance Engineer [1985 – 2001]

All of Destini's senior management does not hold any directioship in any other public listed companies.

They have no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

They have not been convicted for any offences within the pass five years other than traffic offences, if any.

"Expanding commercial aviation MRO capabilities"



DEAR VALUED SHAREHOLDERS,

Under a challenging global economic climate, Destini Berhad ("Destini" or "the Group") is pleased to report a commendable performance in 2016 after a year of focusing its strengths in the Group's core businesses while exercising prudent financial management.

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

CHAIRMAN'S STATEMENT

It comes as no surprise that a majority of businesses during the current financial year under review faced some headwinds from the overall global economic climate that was not very forthcoming. In 2016, global economies saw adverse impacts from Britain's decision to exit from the European Union and tension from America's political scene that came after its presidential election. China's economic growth remains sluggish that attributed to volatile market conditions.

Uncertain economic conditions impacted most global currencies. The Malaysian Ringgit weakened to its lowest of RM4.48 against the greenback in 2016, a level unseen since the 1988 economic crisis. Also having an effect on our local currency, crude oil prices for the year saw its lowest at US$28 per barrel, however, after OPEC's announcement on a supply adjustment agreement, the commodity hovered well above US$50 towards the end of the year.

According to the International Monetary Fund ("IMF"), the global economy's GDP saw a slide at 3.1% in 2016 as compared to 3.2% the year before. In such an environment, Malaysia's GDP also dropped to 4.2% during the year under review, as compared to the 5% the nation reported a year before.

The IMF expects the global economy to improve with a global gross domestic product ("GDP") growth of 3.4% in 2017. Against the backdrop of a modest growth in the global economy, the country is expected to see a healthy GDP growth of 4.4% in 2017, supported by private consumption and private investments.

Corporate Developments

The Group saw several promising corporate developments in 2016. Taking in the limelight was the incorporation of a joint venture company ("JVCo") between the Group's wholly-owned subsidiary Destini Shipbuilding and Engineering Sdn Bhd and TH Heavy Engineering Berhad's ("THHE") wholly-owned subsidiary THHE Fabricators Sdn Bhd. The JVCo, named THHE Destini Sdn Bhd, was set up to procure the award for the supply, delivery, testing and commissioning of three Offshore Patrol Vessels ("OPV") for the Malaysia Maritime Enforcement Agency ("MMEA").

En route to diversifying its income base, during the year Destini accepted an award for the design, manufacture, supply, delivery, testing and commissioning of motor trolleys and rail road vehicles for Keretapi Tanah Melayu Berhad ("KTMB"). The award of this contract from the Ministry of Transport marks Destini Group's foray into the rail business.

Another first was the maiden order of eight Self-Propelled Hyperbaric Lifeboats (SPHL) to UK-based JFD Ltd ("JFD"), a company of James Fisher Offshore Ltd. The SPHL is a new product that the Group has diversified into to meet global safety maritime regulations.

THE MALAYSIAN Ringgit weakened to its lowest of

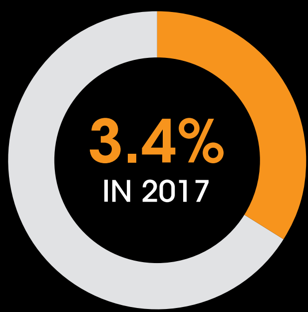
RM4.48

against the greenback in 2016, a level unseen since the 1988 economic crisis

THE GLOBAL ECONOMY'S GDP

saw a slide at **3.1%** in 2016 as compared to **3.2%** the year before.

THE IMF EXPECTS THE GLOBAL ECONOMY to improve with a global GDP growth of



CHAIRMAN'S STATEMENT

During the year, the Group went through the acquisition of a 60% interest in Imes Marine Safety Systems Limited. A company that is in the business of inspection, testing, repair and maintenance of marine safety systems. This acquisition is expected to compliment the Group's existing lifeboat business.

Coinciding with depressed oil prices where exploration and production jobs are scarce, Destini has managed to executed its first oil field decommissioning job for Vestigo Petroleum Sdn Bhd. This marks the first out of many oil field decommissioning jobs for the Group in the year to come.

The Group had entered into a Memorandum of Understanding with AMMROC ("Advanced Military Maintenance, Repair and Overhaul Centre") L.L.C. to form a strategic alliance for the provision of maintenance, repair and overhaul ("MRO") on aircraft escape systems.

Destini ended the year by securing a three-year contract extension of providing MRO services and to supply safety and survival related equipment to the Royal Malaysian Airforce.

Financial Performance

In 2016, Destini saw a 56% increase in profit after tax and non-controlling interests ("PATNCI") of RM33.03 million for its financial year ended December 31, 2016 ("FY2016") from RM21.16 million the year before. This was achieved on the back of a 31% increase in revenue of RM354.76 million in FY2016 as compared to RM270.05 million reported in the previous year.

The increase in profits mainly came from the orders of six 44.25-meter New Generation Patrol Crafts ("NGPC") from the MMEA in 2015 and an increase of aircraft safety and survival equipment MRO activities for the Air Force. Other income contributors include the completion of the oil field decommissioning job and the supply and delivery of motor trolleys for KTMB and SPHLs for JFD.

Share performance

Keeping in mind healthy returns to our shareholders, Destini continued to grow by demonstrating robust profitability which has strengthened the Group's fundamentals. In 2016, Destini saw its shares close highest at 88sen from an average of 60sen per share, touching the RM1 billion market capitalisation mark in November.

With the increase in profits and a better share performance, Destini's basic earnings per share ("EPS") rose to 3.27sen in FY2016 from an EPS of 2.61sen in the previous year. The Group's net assets per share also increased to 42sen from 38sen in 2015.

Moving forward

As mentioned earlier our local economy is expected to grow on a moderate growth path, in tandem with the global economy. Destini will not be discounted from market volatility but its diversified range of businesses enables the Group to mitigate cyclical industry risks and the Group remains confident that it will be able

CHAIRMAN'S STATEMENT

to sustain and continue on its growth path in 2017.

Prospects in the maritime sector still looks promising as it is still viewed as a key sector to support Malaysia's economic growth. The Group is confident that it will be able to receive orders for newbuilds for the maritime sector in 2017 as there is still a demand to expand MMEA and the Royal Malaysian Navy's fleet.

Global orderbook for newbuild lifeboats are also expected to grow in the next five years, which will see an increase in demand for lifeboats and its components. New regulations imposed by the International Maritime Organisation on lifeboat safety standards will also help boost demand for our commercial maritime business.

Destini is also expanding its range of services for various aircrafts owned by the armed forces and various commercial airlines. The Group aims to have an extensive MRO capability that would be able to cater to every need of defence and commercial aircrafts.

Meanwhile, the Group intends to strengthen its position in its land transport business by supplying more armoured vehicles for the armed forces and also by supplying more carriages for local rail line providers.

While the oil and gas industry is still expected to be subdued in 2017, Destini will concentrate on areas that are still lucrative such as oil field decommissioning, which is still an activity that is ongoing in the industry while exploration and production remains modest.

Appreciation

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our stakeholders, customers, employees and various regulatory bodies and Government entities for their continued support confidence and support to the Group.

My deepest gratitude goes to Destini's shareholders who has showed their continued confidence in the Group. With another challenging year ahead, we appreciate your continued support in shaping Destini into a leading integrated engineering solutions provider.

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


DATO' ROZABIL @ ROZAMUJIB ABDUL RAHMAN
Group Managing Director

GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

THE YEAR IN REVIEW

Destini's performance for FY2016 was encouraging despite having to operate in a subdued economy. Against the back drop of a challenging operating environment, the Group managed to maintain its growth momentum as foundations that were laid in previous years have begun to yield results, culminating in improved earnings for the Group.

The Group saw its first contract win for the year in March for the supply of eight Self-Propelled Hyperbaric Lifeboats ("SPHLs") for JFD worth RM16 million. The contract entails Destini to design, manufacture and integrate JFD's hyperbaric chamber and dive system into the SPHLs. This was then followed by the signing of a strategic alliance with AMMROC to provide aircraft escape system MRO services in April at the Defence Services Asia 2016 Exhibition.

In June, the Group made its maiden foray into the rail sector by accepting the award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of motor trolleys and rail road vehicles for KTMB worth RM62 million. Destini's entry into the rail sector would enable the Group to capitalise on its existing engineering capabilities onto a new avenue.

In a bid to optimise Destini's commercial maritime business, the Group acquired a 60% stake in UK-based company, Imes Marine Safety Systems Limited. This new subsidiary will complement Destini's existing lifeboat and davit system businesses.

Following that, the Group saw the incorporation of THHE Destini Sdn Bhd, a 51:49 JVCo owned by Destini and THHE, respectively. The company is intended for both parties to secure the award for the supply, delivery, testing and commissioning of three 80-meter OPVs for the MMEA worth RM738 million.

Albeit a subdued oil and gas operating environment, Destini managed to clinch an oil field decommissioning job off the coast of East Peninsular Malaysia worth US$6.5 million. The decommissioning of the inactive platform was successfully completed on schedule in December.

Towards the end of the year, the Group saw the completion and soft launch of the first out of six NGPC vessels for the MMEA. The first vessel will be handed over to the maritime government agency in the first quarter of 2017 while the remaining vessels will be delivered subsequently within the agreed timeframe.

To round up 2016, Destini was granted a three-year contract extension to provide MRO services and to supply safety and survival related equipment from the Royal Malaysian Air Force ("RMAF") for RM98.20 million.

GROUP MANAGING DIRECTOR'S STATEMENT
AND MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

AVIATION

Defence

- PATNCI was reported at RM6.26 million while revenue stood at RM103 million as compared to PATNCI of RM15 million and revenue of RM82 million in FY2015.
- The increase in revenue was due to one-off projects performed for the RMAF while lower PATNCI was due to higher cost of sales, operating expenses and foreign exchange losses due to weak Ringgit for overseas procurement.
- The Group saw a three-year contract extension to provide MRO services and to supply safety and survival related equipment from the RMAF.
- Destini intends to expand its MRO capabilities beyond its traditional safety and survival MRO services and also to expand its services to a wider variant of defence aircrafts.

Commercial

- Loss after tax and non-controlling interest ("LATNCI") was reported at RM3.6 million while revenue stood at RM2.6 million as compared to LATNCI of RM0.65 million and revenue of RM1.05 million in FY2015.
- Losses were seen because of higher administrative expenses arising from recruitment of certified engineers and investments made to establish ground handling capabilities, despite an increase of customers.
- Destini's commercial aviation business is in its infancy stage and is currently building its capabilities in aircraft line maintenance.
- The Group intends to expanding its commercial aviation business into ground handling and fixed-base operations to complement its existing services.
- It is also looking into strategic collaborations in order to provide full suite of commercial aviation MRO services.

MARINE

Paramilitary

- PATNCI was reported at RM24 million while revenue stood at RM159 million as compared to PATNCI of RM12 and revenue of RM109 million in FY2015.
- The increase in revenue and earnings came from the fabrication of MMEA's 44.25-meter NGPC vessels.
- In FY2016, Destini completed the fabrication of the first NGPC for MMEA as scheduled. The remaining five vessels will follow its delivery date as scheduled.
- Destini intends to expand its ship repair capabilities with the completion of its shipyard upgrade works which includes the delivery of a boatlift that is able to accommodate vessels up to 430 tonnes.
- The Group is looking to fully capitalise on its partnership with THHE with the potential of securing the contract to fabricate three OPVs for the MMEA.

Commercial

- LATNCI was reported at RM0.40 million while revenue stood at RM36 million as compared to LATNCI of RM2.2 million and revenue of RM50 million in FY2015.
- The lower income was due to lower demand in services because of the downturn in the oil and gas and shipping industries.
- During the year, Destin introduced a new breed of lifeboat, the SPHL, which complies to the health and safety regulations for offshore divers. The Group received an order to supply eight units of SPHL.
- The production of a SPHL comes under a niche market that most oil and gas companies have made it a requirement to have. Being the several few who are able to build a SPHL, the Group intends to tap into the potential demand from this market.

GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

LAND TRANSPORT

- PATNCI was reported at RM1.70 million while revenue stood at RM16.30 million as compared to PATNCI of RM0.70 million and revenue of RM0.72 million in FY2015.
- The rise in income came from recognising profits from the supply of motor trolleys to KTMB.
- The Group is looking at securing more supply contracts from the Ministry of Transport to strengthen its position in the rail segment. It is also looking at potentially providing MRO services for the rail services in the country.
- The country has several rail lines that it can potentially supply carriages and provide MRO services to. On top of that, the Group could potentially build its capabilities to participate in the upcoming Malaysia-Singapore High Speed Rail and East Coast Rail Line projects.
- Apart from that, Destini is looking at the supply of additional Tatra and Iveco trucks to various government agencies in the year to come.

OIL & GAS

- PATNCI was reported at RM4.95 million while revenue stood at RM37.35 million as compared to LATNCI of RM4.23 million and revenue of RM27.62 million in FY2015.
- The improved performance came from the provision of oil field decommissioning service, a new service that the Group entered into while the industry remained subdued.
- While oil majors continue their cautious spending measures, exploration and production activities are expected to remain modest. This will continue to impact on the Group's tubular running services.
- Until the sector recovers, the Group intends to participate in more oil field decommissioning jobs. Locally, 65% of our over 300 platforms are above the ages of 25 which is about the end of a platforms life-cycle.

FINANCIAL PERFORMANCE

As mentioned by the Chairman, the Group saw its PATNCI jump 56% to RM33.03 million in FY2016 as compared to RM21.16 million the previous year on the back of a 31% increase in revenue to RM354.76 million from RM270.05 million in FY2015.

The Marine division, spearheaded by earnings from the fabrication of MMEA's NGPCs and scheduled lifeboat maintenance services, was the Group's main contributor with a PATNCI of RM24 million. This represented 72% of overall Group earnings.

Aviation was the Group's second largest earnings contributor with 8% or RM2.68 million in PATNCI in FY2016. This was achieved by one-off projects granted by the RMAF and also existing maintenance services for the government body.

The Oil and Gas division contributed 15% or RM4.95 million in PATNCI as compared to the losses of RM4.23 million the business saw the previous year. The surge in income was mainly attributed to the completion of an oil field decommissioning service during the year under review.

The Group's Land Transport division also saw an increase in contribution at 5% as compared to the 3% contribution in FY2015. In this business segment, the Group saw its PATNCI more than double to RM1.70 million in FY2016 as compared to RM0.7 million previously from the supply of motor trolleys to KTMB.

With an improved performance in FY2016, Destini's statements of financial position stood strong with RM84 million cash in its war chest. While cautiously monitoring the Group's cash flows, Destini is positioning itself to gear up for growth. As at December 31, 2016 the Group's gearing ratio stood at 0.2%,

GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

an increase from a gearing ratio of 0.06%. During the year, Destini took on a borrowing of RM50 million to finance the increase in activity for its marine and land transport businesses.

The Group's financial position remains healthy as its total assets increased to RM681.56 million in FY2016 as compared to RM500.48 million previously. This was mainly driven by a 12% increase in value of property, plant and equipment of RM106.97 million, which came in tandem with the purchase of new equipment's for the Group's marine and oil and gas businesses.

Strategic Planning

Having embarked on an aggressive growth trajectory, Destini has chartered out a plan to reorganise its organisation and businesses. With diversified business segments under one umbrella, the group is working towards realigning various operating units to achieve better operational efficiencies, organisational clarity and a greater focus on its core businesses.

As an integrated engineering solutions provider in diverse business sectors, Destini intends on taking steps to ensure the health, safety, security and environment ("HSSE") requirements of its employees is optimised. Acknowledging the needs of each sector's HSSE requirements, a new regulated policy that emulates global HSSE standards will be set in place in the year to come.

In line with Destini's growth, the Group has taken measures to create awareness of its products and services in 2016. Apart from a revamp of its marketing collaterals that is in line with Destini's overall image, the Group has launched several new websites of its subsidiaries for better understanding and knowledge for operating division.

During the year, websites that the Group revamped and launched:

- destinigroup.com
- destinishipbuilding.com
- destinioil.com
- safeairtechnical.com

Prospects

With the expectations of moderate growth in the global and local economies, Destini is embarking on its planned growth in 2017 with caution.

With a secured orderbook of RM900 million (as at 31 December, 2016), that can last the Group for another three years, the Group continues to see tremendous potential in all the four core sectors that it is operating in for the years to come.

Going forward, the Group intends to build upon past mergers and acquisitions and focus on organic growth.

Destini is constantly on a path to strengthen its overall competencies through expanding its scope of services. Beyond that, the Group intends to have wider international exposure by strengthening its current overseas businesses and penetrating new international markets. Destini currently has operations in Singapore, China, Australia, UAE and the UK.

In the meantime, the Group intends to leverage on its successes in delivering Government related projects to secure more commercial contracts.

Despite the difficult operating environment in 2016 the Group expects the year to come to present similar challenges. However, with the foundations that are in place and the roadmap that has been laid out, Destini is confident of maintaining its growth momentum.

Dato' Rozabil Abdul Rahman
Group Managing Director

"Diversifying oil and gas products and services"

STATEMENT OF CORPORATE SUSTAINABILITY

Destini is fully committed to ensuring the interests of its employees, shareholders and stakeholders through practical practices of Corporate Sustainability ("CS"). This means managing our business responsibly to ensure long-term success for the Company.

We understand how our social and ethical conduct could have an impact on our image, pride and reputation. We therefore take CS very seriously and will not neglect the aspects of CS which are pertinent to the business operations of the Destini Group of Companies.

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

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

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

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

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

STATEMENT OF CORPORATE SUSTAINABILITY

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

FOR THE COMMUNITY

At Destini, we believe that there is a need for continuous corporate community involvement activities because they play an important role in terms of gaining our customers' confidence and respect, apart from infusing good values within our workforce. Our Program Didik Cemerlang was launched in May 2014 by the then Chief of Air Force General Tan Sri Dato' Sri Rodzali Daud. Under this programme, Yayasan Destini provided free tuition classes for Form Five students. The pilot project kicked off with 56 Form Five students who are children of the Royal Military Air Force ("RMAF") personnel based in Subang RMAF Base. We have since then extended the project to base in Kuantan in 2015 for Form Five and Form Four students.

FOR THE WORKPLACE

To ensure that the Group sustains its stand as an employer of choice, we will continue to send our employees to various training and development programmes, seminars and workshops to enhance their professional development and skills in their respective areas of interest. Apart from that, we believe in our commitment to continuously boost good ethical behaviour within the Group, with utmost concern for employees' healthcare, security and safety. Employees are constantly encouraged to be good corporate citizens and to work together as a team in a productive and healthy environment. Our employees also abide by a code of conduct that stresses on the values and ethics that we strongly believe in. In addition, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army is not neglected. It is a commitment by Destini as a practice of good CS to provide employment to ex-servicemen, ever since we initiated our business operations. We acknowledge that the ex-servicemen could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. We are proud to remain one of the very few groups in the country that comprehensively looks into the welfare of these ex-servicemen after their retirement. 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 new corporate website with an interactive Investor Relations ("IR") section. The IR section provides immediate information on the Group's activities, financials and operations and acts as a communication point for both our local and international contacts.

FOR THE ENVIRONMENT

In doing our bit for the environment, we make every effort to optimise the option of recycling and the reduction of energy used in our operations. To reduce paper usage, our employees are urged to adopt a paperless system whenever possible. We make every effort to instill a sense of personal responsibility in our employees and encourage them to play their role in protecting the environment in order to ensure that it becomes an act of good practice within the workplace.

As our ultimate goal, we will do our practices in ensuring that our CS practices 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 ("MCCG") to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Set out below is a statement which outlines the application of the various principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2016 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

BOARD OF DIRECTORS

Board Balance

Our Board consists of seven (7) members, which comprises of an Independent & Non-Executive Chairman, a Group Managing Director, one (1) Executive Director, one (1) Non-Independent & Non-Executive Director and three (3) Independent & Non-Executive Directors. The profiles of these Board members are laid out in pages 18 to 24 of this Annual Report.

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

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

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the Group. The Group basically evaluate the suitability of candidates as new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors of the Company in the future. Currently, our Board comprise of one (1) female director.

STATEMENT OF CORPORATE GOVERNANCE

Board Responsibilities

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

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

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

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

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

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

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

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

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**
  The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company's website is the primary medium in providing information to all shareholders and stakeholders.

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

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

i) relevant operational reports from the management;

ii) reports on the financial performance;

iii) specific proposals for capital expenditure and acquisitions, if any;

iv) major issues and opportunities for the Company, if any; and

v) quarterly financial statements for announcement to authorities.

STATEMENT OF CORPORATE GOVERNANCE

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

i) approve annual financial statements, and other reports to shareholders;

ii) consider and, if appropriate, declare or recommend the payment of dividends;

iii) review the Board composition, structure and succession plan;

iv) review the Company's audit requirements;

v) review the performance of, and composition of Board committees;

vi) undertake Board and individual Board member evaluations;

vii) review Board remuneration; and

viii) review risk assessment policies and controls and compliance with legal and regulatoryrequirements.

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

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

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

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

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

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board will periodically review the Board Charter and make any changes whenever necessary. A copy of the Board Charter is available at the Company's website at www.destinigroup.com.

Code of Conduct and Ethics

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

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

STATEMENT OF CORPORATE GOVERNANCE

Promote Sustainability

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

Whistle-blowing Policy

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

The main objectives of the policy are:

i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;

ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and

iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Board Meetings

The Board held five (5) meetings during the financial year ended 31 December 2016. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Tan Sri Dato' Sri Rodzali Daud	4/5
Dato' Rozabil @ Rozamujib Abdul Rahman	5/5
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid	5/5
Dato' Sri Dr Mohmad Isa Hussain	3/5
Abdul Rahman Mohamed Rejab	5/5
Dato' Che Sulaiman Shapie	5/5
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	5/5

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

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2016.

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

Time Commitment and Directorship in Other Public Listed Companies

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Access to Information and Advice

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

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

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

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

Qualified and Competent Company Secretaries

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

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

STATEMENT OF CORPORATE GOVERNANCE

Continuing Education Programs

All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. The Directors are encouraged to evaluate their own training needs on a continuous process and determined the relevant programmes/seminar/conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

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

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

Name of Director	Seminars/Conferences/Training Attended
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	Application for Product & Prof Software (APPS), Lab 4 Level 4, Faculty of Accountancy, UiTM, Shah Alam – 11 Jan 2016
	Workshop on CIMA Research Executives Summaries by Dr Ian Selby, CIMA Research Development, London, UK, KPMG, Bandar Utama, Kuala Lumpur – 1 Jun2016
	Workshop on Teaching & Learning: Student Centeredness, Faculty of Accountancy, UiTM, Shah Alam – 14 – 15 Jun 2016
	Bengkel Pemikiran Profesor Dalam Membentuk Bangsa Malayu Pasca 2020, Institut Kepimpinan & Pembangunan (ILD), UiTM, Negeri Sembilan – 23 – 24 Ogos 2016
	3rd Research and Teaching in Management Accounting Workshop, University of Greenwich, Business School, London, United Kingdom - 31 Ogos 2016
	The 6th Conference on Actor-Reality Construction, University of Greenwich, London, United Kingdom - 01 Sep — 02 Sep, 2016
	11th William Pitt Seminar title " A Higher Purpose: the role of universities in 21st century Britain" Peterhouse Theatre, University of Cambridge, United Kingdom – 14 October 2017
	Malaysian Institute of Accountants (MIA) International Conference 2016, Kuala Lumpur Convention Center – 15 – 16 Nov, 2016
Dato' Sri Dr Mohmad Isa Hussain	Engagement session on Trans-Pacific Partnership Agreement at TM Board Meeting No. 1/16 Oganised by TM / Khazanah Nasional Berhad (KNB) in Kuala Lumpur on 27 January 2016 Directors Forum (9/2016) "The Innovation Zone : Unleashing the Mindset" Organised by MINDA in Phuket, Thailand from 21 – 22 March 2016
	Executive Talk - Peranan Jawatankuasa Audit Syarikat MEnteri Kewangan Diperbadankan dalam Memastikan Amalan Tadbir Urus Korporat oleh Kementerian Kewangan Malaysia di Putrajaya pada 8 March 2016
	Unveiling of Malaysia Airports Runway to Success 2020 Organised by Malaysian Airports Holding Berhad in Kuala Lumpur on 25 April 2016
Abdul Rahman Mohamed Rejab	From Mere Managing Costs To Future Business Sustainability : Management Accounting Approach, UiTM Puncak Alam - 8 October 2016

STATEMENT OF CORPORATE GOVERNANCE

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to overseas travelling and their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company. In addition, during the financial year under review, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

NOMINATION AND REMUNERATION COMMITTEE

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

The present members of the NRC are:

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

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

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

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

In fulfilling its primary objectives, the NRC shall undertake, amongst others, the following duties and responsibilities :

i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;

iii) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing by the Company and the skills and expertise needed on the Board in the future;

iv) prepare a description of the role and capabilities required for a particular appointment;

v) identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

vi) ensure that orientation and education programmes are provided for new members of the Board;

vii) recommend to the Board concerning the re-election / re-appointment of Director to the Board pursuant to the provisions in the Company's Article of Association;

viii) undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;

ix) review and recommend to the Board the framework of remuneration of the Executive Directors and Principal Officers, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies;

x) review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers depending on various performance measurements of the Group;

xi) review and determine the other benefits in kind for the Executive Directors and Principal Officers; and

xii) review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice.

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

iii) Reviewed and recommended the revision of remuneration for Group Managing Director; and

iv) Reviewed the Terms of Reference of the NRC.

Criteria for Recruitment

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

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

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

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

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

ii) The NRC determines skills matrix;

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

vi) The NRC recommends to the Board for appointment; and

v) The Board approves the appointment of the candidates.

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

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

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

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

Criteria for Board Assessment

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

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

STATEMENT OF CORPORATE GOVERNANCE

Based on the assessment conducted for the financial year 2016, the Board and the NRC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent & Non-Executive Directors.

Re-election of Directors

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

Upon the recommendation of the Nominating Committee and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2017 are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

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

Based on the assessment carried out during the financial year ended 31 December 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

Tenure of Independent Directors

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

However, as recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.

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

Separation of Positions of Chairman and Group Managing Director

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

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

STATEMENT OF CORPORATE GOVERNANCE

Independent Chairman

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

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

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

DIRECTORS' REMUNERATION

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

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

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2016 is further categorised into the following components:

STATEMENT OF CORPORATE GOVERNANCE

Director	Company		Group	
	Fees (RM)	Salaries and * other emoluments (RM)	Fees (RM)	Salaries and * other emoluments
Executive Directors	-	1,395,843	-	2,136,103
Non-Executive Directors	-	99,500	-	99,500
Total	-	1,495,343	-	2,235,603

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

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

Range of Remuneration	Number of Directors			
	Company		Group	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	-	4	-	4
RM50,000 to RM100,000	-	-	-	-
RM100,001 to RM150,000	-	-	-	-
RM150,001 to RM200,000	-	-	1	2
RM200,001 to RM250,000	1	-	1	2
RM250,001 to RM300,000	-	-	-	-
RM300,001 to RM350,000	-	-	1	1
RM350,001 to RM400,000	-	-	-	-
RM400,001 to RM450,000	1	-	1	-
RM900,001 to RM950,000	1	-	1	-

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

COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

Corporate disclosure policies and procedures

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

Leverage on Information Technology for Effective Dissemination of Information

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

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

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

Dialogue with Shareholders

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

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

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

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

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

Poll Voting

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

Effective Communication and Proactive Engagement

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

STATEMENT OF CORPORATE GOVERNANCE

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

i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;

ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;

iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and

iv) Annual General Meetings.

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

UPHOLD INTEGRITY OF FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

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

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2016 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 1965. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

Risk Management and Internal Control

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

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

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

The information on the Group's risk management and internal control is further elaborated in page 63 to 65 on the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit

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

Assessment of Suitability and Independence of External Auditors

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

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been

STATEMENT OF CORPORATE GOVERNANCE

explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

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

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

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

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

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

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

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2016.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2017.

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

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

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

i) Overseeing the overall conduct of the Company's business and that of the Group;

ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;

iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;

iv) Adopting suitable accounting policies and apply them consistently;

v) Making judgments and estimates that are reasonable and prudent; and

vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

STATEMENT OF CORPORATE GOVERNANCE

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2016, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

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

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Corporate Exercise

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

Audit and Non Audit Fees Paid to External Auditors

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2016 were as follows :

		Company (RM)	Group (RM)
Audit Services Rendered		82,000	492,159
Non-Audit Services Rendered		-	-
(a)	Review of Statement on Risk Management and Internal Control	5,000	5,000

Material Contracts

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

Contracts Relating to Loans

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

Recurrent Related Party Transactions of a Revenue Nature

Save for such disclosure made in note 35 to the audited consolidated financial statements on pages 156 and 157 of this Annual Report, there were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2016.

AUDIT COMMITTEE REPORT

Audit Committee Members and Meeting Attendances

The present members of the Audit Committee comprise the following:

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

The Audit Committee held five (5) meetings during the financial year ended 31 December 2016. The details of attendance of the Audit Committee members are as follows:

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

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

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2016 included the following:

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

2. Reviewed the external auditor's scope of work and audit plan for the year;

3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

5. Evaluated the performance of the external auditors for the financial year ended 31 December 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

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

8. Reviewed the effectiveness of the Group's system of internal control;

9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

10. Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

11. Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

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

13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

Terms of Reference

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

AUDIT COMMITTEE REPORT

Internal Audit Function

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

The cost incurred for the internal audit function in respect of the financial year is approximately RM178,627.49.

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

Summary of Activities of the Internal Audit Function

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management

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

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

Internal Control

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

1) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

2) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

3) The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

4) Internal policies and procedures had been established for key business units within the Group.

5) Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

6) Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

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

Corrective Actions

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

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

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination and Remuneration Committee;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;

c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;

d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and

e) Regular visits to reporting units by the management team and, where deem appropriate, the Board.

Board Responsibility

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

Management Responsibility

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

Internal Audit Responsibility

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2016 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Management's Assurance

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

Conclusion

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate. Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal Activities

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

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	31,097,088	(7,850,897)
Attributable to:		
- Owners of the Parent	33,031,210	(7,850,897)
- Non-controlling interests	(1,934,122)	-
	31,097,088	(7,850,897)

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up ordinary share capital from RM91,667,182 to RM115,523,020 by way of issuance of 238,558,381 ordinary shares of RM0.10 each through the exercise of the warrants at an issue price of RM0.40 for cash consideration.

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

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT

Options Granted Over Unissued Shares

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

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

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

The salient features and terms of the ESOS, details of share options exercised or lapsed during the financial year and outstanding at the end of the financial year are disclosed in Note 22 to the financial statements.

Warrant 2013/2016

During the financial year 2013, the Company issued 242,000,000 free warrants ("warrants") in the Company on the basic of two (2) warrants for every three (3) existing ordinary shares of RM0.10 each held by shareholders of the Company.

Each warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary shares of RM0.10 in the Company at the exercise price of RM0.40 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose. The exercise period of the warrant is expired on 30 September 2016.

During the current financial year, 238,558,381 warrants were exercised at the exercise price of RM0.40 each. As at 30 September 2016, there were 3,441,619 warrants were unexercised and have lapsed.

Directors

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

Dato' Rozabil @ Rozamujib Bin Abdul Rahman
Tan Sri Dato' Sri Rodzali Bin Daud
Dato' Che Sulaiman Bin Shapie
Prof. Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman
Abdul Rahman Bin Mohamed Rejab
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
Dato' Sri Dr Mohmad Isa Bin Hussain

DIRECTORS' REPORT

Directors' Interests (cont'd)

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

	<——No. of ordinary shares of RM0.10 each——>			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib				
Bin Abdul Rahman	401,100	18,267,400	-	18,668,500
Abdul Rahman Bin				
Mohamed Rejab	32,300	-	(32,300)	-
Indirect interest				
Dato' Rozabil @ Rozamujib				
Bin Abdul Rahman (^)	240,224,700	35,456,912	(18,200,000)	257,481,612

	<——No. of warrants——>			
	At 1.1.2016	**Bought**	**Exercised**	**At 31.12.2016**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib				
Bin Abdul Rahman	267,400	-	(267,400)	-
Indirect interest				
Dato' Rozabil @ Rozamujib				
Bin Abdul Rahman (^)	34,393,712	200,000	(34,593,712)	-

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

By virtue of his interests in the shares of the Company, Dato' Rozabil @ Rozamujib Bin Abdul Rahman is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

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

DIRECTORS' REPORT

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of 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 whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under ESOS.

Other Statutory Information

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

   (ii) to ensure that any current assets which were unlikely to realise their values 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.

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

   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

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

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

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

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 21 April 2017

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN DAUD

SHAH ALAM

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the Directors of DESTINI BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 79 to 174 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 175 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 21 April 2017.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN DAUD

SHAH ALAM

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 to the best of my knowledge and belief, the financial statements set out on pages 79 to 175 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at KUALA LUMPUR)
in the Federal Territory on 21 April 2017)

ISMAIL BIN MUSTAFFA

Before me,

NO. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DESTINI BERHAD

Report on the Financial Statements

Opinion

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 174.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of its financial performance and its cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for opinion

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

Independence and Other Ethical Requirements

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

Key Audit Matters

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

<u>Key Audit Matters</u>

Impairment assessment on goodwill

The group has goodwill amounting to RM182,405,870 as at 31 December 2016.

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

<u>How we addressed the key audit matters</u>

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

- Examined management's cash flow forecast that support the impairment assessment.
- Assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results;
- Reviewed the reasonableness of key assumptions based on our knowledge of the business industry;
- Reconciled input data to supporting evidence, such as approved cash flow projections and considering the reasonableness of these projections.
- Performed sensitivity analysis on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value.
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF DESTINI BERHAD (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters

Revenue recognition on the long term contract

The Group recognised the contract income and cost from long term projects using the percentage of completion method. As at 31 December 2016, the revenue arising from the projects represents 55% of the total Group's revenue. The recognition of revenue and the estimation of the outcome of construction contracts require significant management judgment, in particular with respect to estimation the cost to complete.

How we addressed the key audit matters

Our procedures included:

- Evaluated the significant judgments made by management amongst others based on an examination of the associated project documentation and discussion on the status of project construction with finance and technical staff of the Group;
- Test on the reasonableness of key assumptions of the project budget that approved by management;
- We checkd the contract revenue to the original signed contract, letter of award and approved variation order.
- We evaluated the project progress and recovery of cost to supporting evidence include but not limited to verifying thrid party survey certificates, pogress report and interviews with project team.
- Test the controls that the Group has put in place over its process to record contract revenue and contract costs and the calculation of the stage of completion.

Key Audit Matters

Impairment of loans and receivables

As at 31 December 2016, the Group has trade and other receivables of RM270,862,962.

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

How we addressed the key audit matters

Our procedures included:

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DESTINI BERHAD (Cont'd)

Responsibilities of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DESTINI BERHAD (CONT'D)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

(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, which are indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated 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 in Note 40 on page 175 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian 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)

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/2018 (J)
Chartered Accountant

KUALA LUMPUR
21 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	107,471,186	94,916,526	24,958,460	25,133,093
Investment in subsidiaries	5	-	-	99,865,917	103,965,916
Investment in associates	6	-	-	-	-
Investment in joint venture	7	-	318,560	-	-
Investment in securities	8	1,819,982	2,443,925	1,819,982	2,443,925
Intangible assets	9	197,182,469	196,755,889	-	-
Land use rights	10	1,790,928	1,878,675	-	-
Other investment	11	320,000	320,000	150,000	150,000
		308,584,565	296,633,575	126,794,359	131,692,934
Current Assets					
Inventories	12	12,505,146	13,782,027	-	-
Amount due from contract customers	13	9,805,133	1,661,330	-	-
Trade receivables	14	165,201,063	118,679,386	-	-
Other receivables	15	105,661,899	24,852,634	2,022,643	357,565
Amount due from subsidiaries	16	-	-	285,088,152	151,394,246
Amount due from joint venture	17	683,846	590,761	-	-
Tax recoverable		2,015,950	402,480	63,747	133,336
Fixed deposits with licensed banks	18	55,360,407	31,815,847	20,000,000	14,006,214
Cash and bank balances	19	21,747,990	12,063,998	971,801	527,813
		372,981,434	203,848,463	308,146,343	166,419,174
Total Assets		681,565,999	500,482,038	434,940,702	298,112,108

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 (CONT'D)

	Note	2016 RM	2015 RM	2016 RM	2015 RM
Equity					
Share capital	20	115,523,020	91,667,182	115,523,020	91,667,182
Share premium	21	267,283,851	195,716,337	267,283,851	195,716,337
ESOS reserve	21	-	-	-	-
Foreign currency translation reserve	21	14,239,147	11,995,985	-	-
Retained profits/ (Accumulated losses)		84,333,376	51,302,166	(10,645,406)	(2,794,509)
Equity attributable to owners of the parent		481,379,394	350,681,670	372,161,465	284,589,010
Non-controlling interests		(1,555,716)	(251,929)	-	-
Total		479,823,678	350,429,741	372,161,465	284,589,010
Non-Current Liabilities					
Finance lease liabilities	23	2,021,919	2,383,120	10,700	-
Bank borrowings	24	63,846,670	21,438,168	56,440,443	12,278,129
Deferred tax liabilities	25	5,328,524	3,069,999	-	-
Redeemable preference shares	26	1,941,301	-	-	-
		73,138,414	26,891,287	56,451,143	12,278,129
Current Liabilities					
Amount due to contract customers	13	13,337,241	42,182,410	-	-
Trade payables	27	56,572,643	35,228,272	-	-
Other payables	28	21,487,614	10,505,450	416,035	342,303
Finance lease liabilities	23	652,565	622,223	13,333	-
Bank borrowings	24	18,480,669	21,617,391	5,898,726	902,666
Tax payable		18,073,175	13,005,264	-	-
		128,603,907	123,161,010	6,328,094	1,244,969
Total Liabilities		201,742,321	150,052,297	62,779,237	13,523,098
Total Equity and Liabilities		681,565,999	500,482,038	434,940,702	298,112,108

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	29	354,766,142	270,053,419	9,000,000	9,000,000
Cost of sales		(237,905,535)	(185,246,873)	-	-
Gross profit		116,860,607	84,806,546	9,000,000	9,000,000
Other income		4,648,090	2,161,412	610,363	123,327
Administrative expenses		(72,067,536)	(58,803,532)	(16,086,384)	(13,159,565)
Finance costs	30	(2,889,494)	(2,506,544)	(1,156,323)	(832,121)
Share of results of associate and joint venture		(318,560)	(241,711)	-	-
Profit/(Loss) before tax	31	46,233,107	25,416,171	(7,632,344)	(4,868,359)
Taxation	32	(15,136,019)	(8,090,002)	(218,553)	335,864
Net profit/(loss) for the financial year		31,097,088	17,326,169	(7,850,897)	(4,532,495)
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
- Exchange translation differences for foreign operations		2,243,162	8,165,516	-	-
Other comprehensive income for the financial year		2,243,162	8,165,516	-	-
Total comprehensive income/(loss) for the financial year		33,340,250	25,491,685	(7,850,897)	(4,532,495)

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Net profit/(loss) for the financial year attributable to:					
Owners of the parent		33,031,210	21,165,573	(7,850,897)	(4,532,495)
Non-controlling interests		(1,934,122)	(3,839,404)	-	-
		31,097,088	17,326,169	(7,850,897)	(4,532,495)
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		35,274,372	29,331,089	(7,850,897)	(4,532,495)
Non-controlling interests		(1,934,122)	(3,839,404)	-	-
		33,340,250	25,491,685	(7,850,897)	(4,532,495)
Earnings per share	33				
Basic earnings per share (sen)		3.27	2.61		
Diluted earnings per share (sen)		3.27	2.39		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable			
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2015	79,942,133	126,612,561	1,489,932	3,830,469	36,182,393	248,057,488	7,488,979	255,546,467
Net profit for the financial year	-	-	-	-	21,165,573	21,165,573	(3,839,404)	17,326,169
Exchange translation differences for foreign operations	-	-	-	8,165,516	-	8,165,516	-	8,165,516
Total comprehensive income for the financial year	-	-	-	8,165,516	21,165,573	29,331,089	(3,839,404)	25,491,685
Transactions with owners:								
Issue of ordinary shares:								
- pursuant to business combination	10,714,286	64,285,714	-	-	-	75,000,000	-	75,000,000
- pursuant to share options exercised	1,003,130	4,915,337	(601,878)	-	-	5,316,589	-	5,316,589
- pursuant to warrants exercised	7,633	22,900	-	-	-	30,533	-	30,533
Share issuance expenses	-	(120,175)	-	-	-	(120,175)	-	(120,175)
Share-based payment transactions	-	-	(888,054)	-	888,054	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	16,392	16,392
Acquisition of additional interest from non-controlling interests	-	-	-	-	(6,933,854)	(6,933,854)	(3,917,896)	(10,851,750)
Total transactions with owners	11,725,049	69,103,776	(1,489,932)	-	(6,045,800)	73,293,093	(3,901,504)	69,391,589
At 31 December 2015	91,667,182	195,716,337	-	11,995,985	51,302,166	350,681,670	(251,929)	350,429,741

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Attributable to Owners of the Parent				
	Non-Distributable			Distributable	
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Company					
At 1 January 2015	79,942,133	126,612,561	1,489,932	849,932	208,894,558
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(4,532,495)	(4,532,495)
Transaction with owners:					
Issue of ordinary shares:					
- pursuant to business combination	10,714,286	64,285,714	-	-	75,000,000
- pursuant to share options exercised	1,003,130	4,915,337	(601,878)	-	5,316,589
- pursuant to warrant exercised	7,633	22,900	-	-	30,533
Share issuance expenses	-	(120,175)	-	-	(120,175)
Share-based payment transactions	-	-	(888,054)	888,054	-
Total transactions with owners	11,725,049	69,103,776	(1,489,932)	888,054	80,226,947
At 31 December 2015	91,667,182	195,716,337	-	(2,794,509)	284,589,010
At 1 January 2016	91,667,182	195,716,337	-	(2,794,509)	284,589,010
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(7,850,897)	(7,850,897)
Transaction with owners:					
Issue of ordinary shares:					
- pursuant to warrants exercised	23,855,838	71,567,514	-	-	95,423,352
Total transactions with owners	23,855,838	71,567,514	-	-	95,423,352
At 31 December 2016	115,523,020	267,283,851	-	(10,645,406)	372,161,465

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	46,233,107	25,416,171	(7,632,344)	(4,868,359)
Adjustments for:				
Amortisation of intangible assets	602,862	551,329	-	-
Amortisation of land use right	39,620	39,448	-	-
Amount due from a subsidiary written off	-	-	2,000	-
Bad debts written off	-	17,987	-	-
Depreciation of property, plant and equipment	11,451,392	11,339,729	1,435,415	1,072,973
Fair value adjustment on investment in securities	904,099	3,332,625	904,099	3,332,625
Gain on disposal of property, plant and equipment	(2,442)	(662)	-	-
Impairment loss on:				
- Trade receivables	721,115	-	-	-
- Other receivables	-	1,271	-	-
- Investment in a subsidiary	-	-	4,099,999	-
- Goodwill	1,843,063	-	-	-
Interest expense	2,889,494	2,506,544	1,156,323	832,121
Interest income	(379,430)	(362,699)	(333,094)	(113,646)
Inventories written down	-	66,123	-	-
Property, plant and equipment written off	145,257	126,380	25,226	-
Reversal of impairment loss on trade receivables	(28,154)	(18,376)	-	-
Waiver of debts by trade payables	(250,052)	-	-	-
Waiver of debts by other payables	(880,594)	-	-	-
Share of results of associates and joint venture	318,560	241,711	-	-
Unrealised gain on foreign exchange	(787,919)	(155,892)	-	-
Operating profit/(loss) before working capital changes	62,819,978	43,101,689	(342,376)	255,714

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Changes in working capital:					
Inventories		1,469,697	2,818,897	-	-
Contract customers		(36,988,972)	40,507,024	-	-
Receivables		(128,311,085)	(51,290,739)	(1,665,078)	7,643,745
Payables		31,700,595	(10,571,588)	73,732	14,042
Subsidiaries		-	-	(133,695,906)	4,532,180
Joint venture		(93,085)	(590,761)	-	-
Directors		-	284,682	-	-
		(132,222,850)	(18,842,485)	(135,287,252)	12,189,967
Cash (used in)/generated from operations		(69,402,872)	24,259,204	(135,629,628)	12,445,681
Interest received		379,430	362,699	333,094	113,646
Interest paid		(2,889,494)	(2,506,544)	(1,156,323)	(832,121)
Tax paid		(9,423,059)	(3,320,730)	(148,964)	(66,664)
Net cash (used in)/from operating activities		(81,335,995)	18,794,629	(136,601,821)	11,660,542
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(b)	(23,908,562)	(14,870,180)	(1,258,808)	(3,662,028)
Purchase of quoted shares		(280,156)	-	(280,156)	-
Proceeds from disposal of property, plant and equipment		4,860	601,927	-	-
Investment in associates and joint venture		-	(560,271)	-	-
Addition to other investments		-	(40,000)	-	-
Investment in subsidiaries		-	-	-	(4,450,003)
Net cash inflow/(outflow) arising from acquisition of subsidiaries	5(b)	3,379,534	(243,330)	-	-
Acquisition of additional interest from non-controlling interests	5(c)	-	(10,851,750)	-	-
Addition to intangible assets		(238,560)	(268,297)	-	-
Net cash used in investing activities		(21,042,884)	(26,231,901)	(1,538,964)	(8,112,031)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash Flows From Financing Activities				
Drawdown of term loans	52,258,322	15,354,197	50,000,000	-
Repayment of term loans	(11,077,853)	(8,930,963)	(841,626)	(685,174)
Repayment of finance lease liabilities	(651,099)	(1,032,872)	(3,167)	-
Changes in trust receipts	(1,870,174)	(6,015,366)	-	-
Proceeds from exercise of employee share options	-	5,316,589	-	5,316,589
Proceeds from exercise of warrants	95,423,352	30,533	95,423,352	30,533
Proceeds from issuance of preference shares	1,941,301	-	-	-
Utilisation of share premium for share issuance expenses	-	(120,175)	-	(120,175)
(Increased)/Decreased in deposits pledged to licensed banks	(8,703,476)	(6,972,611)	-	5,087,865
Net cash from/(used in) financing activities	127,320,373	(2,370,668)	144,578,559	9,629,638
Net increase/(decrease) in cash and cash equivalents	24,941,494	(9,807,940)	6,437,774	13,178,149
Effect of exchange rate fluctuations	(377,903)	8,165,516	-	-
Cash and cash equivalents at the beginning of the financial year	27,793,580	29,436,004	14,534,027	1,355,878
Cash and cash equivalents at the end of the financial year	52,357,171	27,793,580	20,971,801	14,534,027
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	21,747,990	12,063,998	971,801	527,813
Fixed deposits with licensed banks	55,360,407	31,815,847	20,000,000	14,006,214
Bank overdrafts	(284,228)	(322,743)	-	-
	76,824,169	43,557,102	20,971,801	14,534,027
Less: Fixed deposits pledged with licensed banks	(24,466,948)	(15,409,847)	-	-
Cash at bank pledged with licensed banks	(50)	(353,675)	-	-
	52,357,171	27,793,580	20,971,801	14,534,027

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

1. Corporate Information

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

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

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

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

Adoption of new and amended standards

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

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendment to MFRS 127	Equity method in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 Cycle	

Adoption of above new MFRSs and amendments to MFRSs did not have any significant impacts on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

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

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

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

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

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

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases*

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

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

(b) Functional and presentation currency

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

(c) Significant accounting judgments, estimates and assumptions

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

2. Basis of Preparation (Cont'd)

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

Judgments

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

Key sources of estimation uncertainty

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

<u>Useful lives of property, plant and equipment (Note 4)</u>

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

<u>Impairment of investments in subsidiaries</u>

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

<u>Impairment of goodwill on consolidation</u>

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

<u>Inventories valuation</u>

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 14,15,16 and 17.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 22.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 25.

Construction Contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the percentage of survey of work performed for each project.

Significant judgment is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. The details of construction contracts are disclosed in Note 13.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group has tax recoverable of RM2,015,950 (2015: RM402,480) and tax payable of RM18,073,175 (2015: RM13,005,264) respectively.

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

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

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

(iii) Disposal of subsidiaries

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

(iv) Goodwill on consolidation

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

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

(b) Investments in associate and joint venture

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

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

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

3. Significant Accounting Policies (Cont'd)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

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

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

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation (Cont'd)

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

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

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

(e) Leases

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

(i) Finance lease

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

3. Significant Accounting Policies (Cont'd)

(e) 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 or as investment property if held to earn rental income or for capital appreciation or both.

(ii) Operating lease

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

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

Leasehold land which in substance is an operating lease is classified as land use rights.

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs.
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Intangible assets acquired in a business combination

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

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

(iii) Intangible assets acquired separately

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

(iv) Derecognition of intangible assets

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

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

(g) Financial assets

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

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

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

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

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

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

(ii) Loans and receivables

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities

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

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

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

(i) Other financial liabilities measured at amortised cost

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

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

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

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

(ii) Financial guarantee contracts

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

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

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

(i) Offsetting of financial instruments

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

3. Significant Accounting Policies (Cont'd)

(j) Inventories

Raw materials, spare part and consumable, 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 spare part and consumable is determined on first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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

(k) Construction contracts

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.The stage of completion method is determined by reference to the percentage of survey of work performed for each project.

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

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

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

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

(l) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets

(i) Non-financial assets

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

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

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

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

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

(n) Share capital

(i) Ordinary shares

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.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(n) Share capital (Cont'd)

(ii) Preference shares

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

(o) Provisions

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

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

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

(p) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction

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

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

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

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(q) Revenue

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

(i) Sale of goods

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

(ii) Rendering of services

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

(iii) Construction contracts

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) Revenue (Cont'd)

(iv) Rental income

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

(v) Interest income

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

(vi) Management fee

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

(r) Borrowing costs

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

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

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

(s) Income taxes

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

4. Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

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

Group	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery andequipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
2015										
At cost										
At 1 January 2015	9,420,482	7,560,472	7,107,986	1,383,854	2,910,787	56,567,460	3,844,343	7,902,389	3,225,495	99,923,268
Additions	2,642,778	2,171,698	79,817	168,817	419,618	6,762,390	3,577,343	5,341,883	416,556	21,580,900
Acquisition through business combination	-	5,700,000	9,000,000	161,933	158,567	448,715	259,498	488,251	59,597	16,276,561
Disposals	-	-	-	(24,438)	(125,203)	(539,003)	(458,454)	-	(476,923)	(1,624,021)
Written off	-	-	-	(1,224)	(9,600)	(57,134)	-	(176,841)	(19,658)	(264,457)
Effects of movement in exchange rates	-	-	353,901	40,000	861	550,311	80,559	10,525	68,310	1,104,467
At 31 December 2015	12,063,260	15,432,170	16,541,704	1,728,942	3,355,030	63,732,739	7,303,289	13,566,207	3,273,377	136,996,718
Accumulated depreciation										
At 1 January 2015	-	313,638	763,230	688,159	1,874,472	19,156,063	2,516,150	3,098,609	2,424,140	30,834,461
Charge for the financial year	-	234,601	165,491	139,902	301,630	7,690,704	907,508	1,658,704	241,189	11,339,729
Acquisition through business combination	-	-	-	100,113	58,147	144,884	203,374	169,557	21,850	697,925
Disposals	-	-	-	-	(24,252)	(301,607)	(220,087)	-	(476,810)	(1,022,756)
Written off	-	-	-	(1,223)	(9,595)	(10,340)	-	(97,264)	(19,655)	(138,077)
Effects of movement in exchange rates	-	-	103,465	17,961	164,021	45,117	21,526	7,112	9,708	368,910
At 31 December 2015	-	548,239	1,032,186	944,912	2,364,423	26,724,821	3,428,471	4,836,718	2,200,422	42,080,192
Carrying amount										
At 31 December 2015	12,063,260	14,883,931	15,509,518	784,030	990,607	37,007,918	3,874,818	8,729,489	1,072,955	94,916,526

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

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

Company	Freehold land RM	Buildings RM	Leasehold industrial land RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
2016									
At cost									
At 1 January 2016	11,713,260	9,402,170	842,459	95,050	123,598	4,965,675	651,596	-	27,793,808
Additions	-	-	-	17,605	36,447	1,052,076	143,840	36,040	1,286,008
Written off	-	-	-	(21,623)	-	-	(92,895)	-	(114,518)
At 31 December 2016	11,713,260	9,402,170	842,459	91,032	160,045	6,017,751	702,541	36,040	28,965,298
Accumulated depreciation									
At 1 January 2016	-	443,209	50,649	16,303	18,654	1,712,952	418,948	-	2,660,715
Charge for the financial year	-	8,510	253,132	10,570	13,784	1,013,286	134,933	1,200	1,435,415
Written off	-	-	-	(2,933)	-	-	(86,359)	-	(89,292)
At 31 December 2016	-	451,719	303,781	23,940	32,438	2,726,238	467,522	1,200	4,006,838
Carrying amount									
At 31 December 2016	11,713,260	8,950,451	538,678	67,092	127,607	3,291,513	235,019	34,840	24,958,460

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

Company	Freehold land RM	Buildings RM	Leasehold industrial land RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
2015									
At cost									
At 1 January 2015	9,070,482	7,230,472	842,459	75,185	94,580	2,475,154	415,148	-	20,203,480
Additions	2,642,778	2,171,698	-	19,865	29,018	2,490,521	236,448	-	7,590,328
At 31 December 2015	11,713,260	9,402,170	842,459	95,050	123,598	4,965,675	651,596	-	27,793,808
Accumulated depreciation									
At 1 January 2015	-	277,371	42,849	8,591	8,878	927,458	322,595	-	1,587,742
Charge for the financial year	-	165,838	7,800	7,712	9,776	785,494	96,353	-	1,072,973
At 31 December 2015	-	443,209	50,649	16,303	18,654	1,712,952	418,948	-	2,660,715
Carrying amount									
At 31 December 2015	11,713,260	8,958,961	791,810	78,747	104,944	3,252,723	232,648	-	25,133,093

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

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

(a) Assets pledged as securities to financial institutions

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Freehold land	12,063,260	12,063,260	11,713,260	11,713,260
Buildings	14,963,301	14,883,931	8,950,451	8,958,961
Leasehold properties and industrial land	15,157,129	15,509,518	538,678	791,810
	42,183,690	42,456,709	21,202,389	21,464,031

The remaining lease period of the leasehold properties and industrial land of the Group are 57 (2015: 58) years and 89 (2015: 90) years, which are expired on 2073 and 2105 respectively.

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Aggregate costs	24,228,803	21,580,900	1,286,008	7,590,328
Less: Finance lease financing	(320,240)	(2,782,420)	(27,200)	-
Term loans financing	-	(3,928,300)	-	(3,928,300)
Cash payments	23,908,563	14,870,180	1,258,808	3,662,028

As at 31 December 2016, the carrying amounts of leased assets are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Motor vehicles	2,487,095	3,103,615	-	-
Machinery and equipment	34,840	-	34,840	-
	2,521,935	3,103,615	34,840	-

5. Investments in Subsidiaries

	Company 2016 RM	Company 2015 RM
In Malaysia:		
At cost		
Unquoted shares	112,225,005	112,225,005
Less: Accumulated impairment losses	(22,406,294)	(18,306,295)
	89,818,711	93,918,710
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	99,865,917	103,965,916

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

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2016 %	Effective equity interest 2015 %	Principal activities
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding and distribution and supplyof defence and commercial aviation and marine and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Investment holding
Destini Fire Safety Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul ground support safety equipment and related accessories
Destini Engineering Technologies Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and other related services
Destini Info Tech Sdn. Bhd.	Malaysia	100	100	Providing consultancy and solution services and implementing of high technology and surveillance security systems and its related services
Destini Australia Pty. Ltd.*	Australia	100	100	Dormant
Destini Aero Teknologi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini HRTC Sdn. Bhd.	Malaysia	100	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

5. Investment in Subsidiaries (Cont'd)

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

Name of company	Country of incorporation	Effective equity interest 2016 %	Effective equity interest 2015 %	Principal activities
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubularhandling and running services in the oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley
Detrac Sdn. Bhd.	Malaysia	70	70	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development
Green Pluslink Sdn. Bhd.	Malaysia	51.9	51.9	Provides extrusion and recycling of waste tires for the production of carbon black, diesel fuel and scrap metal
Land Auto Technology Sdn. Bhd.	Malaysia	100	100	Engage in business of fabrication, manufacturing, supplying delivery and maintenance of vehicles
Prinsip Pertiwi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini First Sdn. Bhd.	Malaysia	100	100	Supplying of defence and aviation equipment, parts and accessories
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Held through Destini Prima Sdn. Bhd.;				
Satang Environmental Sdn. Bhd.	Malaysia	100	100	Dormant
Satang-ICS Global Sdn. Bhd.	Malaysia	51	51	Dormant
Satang Construction Sdn. Bhd.	Malaysia	-	99.99	Dormant. Struck off during the financial year
DB Precision Sdn. Bhd.	Malaysia	100	100	Supplying calibration and cylinder services

5. Investment in Subsidiaries (Cont'd)

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

Name of company	Country of incorporation	Effective equity interest 2016 %	Effective equity interest 2015 %	Principal activities
Held through Destini Armada Sdn. Bhd.:				
Destini Shipbuilding And Engineering Sdn.Bhd.	Malaysia	100	100	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Technofibre International Sdn. Bhd. #	Malaysia	100	100	Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment
Held through Destini Aviation Sdn. Bhd.:				
Safeair Technical Sdn. Bhd.	Malaysia	80	80	Specialise in aircraft servicing and provide technical ground handling services for commercial airlines
Held through Destini Shipbuilding And Engineering Sdn. Bhd.:				
THHE Destini Sdn. Bhd. (formerly known as Gigih Integrasi Sdn. Bhd.)	Malaysia	51	-	Dormant
Held through Destini Armada Pte. Ltd.:				
Vanguard Composite Engineering Pte. Ltd. *	Singapore	100	100	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
TF Corp Pte. Ltd. *	Singapore	100	100	Investment holding
Held through Vanguard Composite Engineering Pte. Ltd.:				
Vanguard Offshore Pte. Ltd. *	Singapore	100	100	Development and sale of Self-Propelled Hyperbaric Life Boat ("SPHLB") and life saving appliances
Vanguard Nantong FRP Co. Ltd. *	People Republic of China	100	100	Manufacturing, maintaining and trading of FRP ship, FRP products and life-saving equipment
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	100	Supplying marine related lifesaving equipment, parts and accessories

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

5. Investment in Subsidiaries (Cont'd)

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

Name of company	Country of incorporation	Effective equity interest 2016 %	Effective equity interest 2015 %	Principal activities
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Provide maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping
Techno Fibre Middle East Marine Services FZE*	United Arab Emirates	100	100	Repair and maintenance of lifeboats and davits and fire and gas protection system servicing
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Repair and service of fibre composite life boats and davits and consultation engineering and servicing
Imes Marine Safety Systems Limited *	Scotland	60	-	Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats
TF Corp Saudi Arabia Co. Ltd.*	Kingdom of Saudi Arabia	51	-	Providing maintenance, installation and repair of marine equipment and trading activities of marine safety products

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

5. Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries

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

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2016	2015	2016	2015	2016	2015
	%	%	RM	RM	RM	RM
Detrac Sdn. Bhd.	30	30	14,527	(191,518)	317,298	302,771
Green Pluslink Sdn. Bhd.	48.1	48.1	(967,149)	(1,820,919)	(1,522,292)	(555,143)
Safeair Technical Sdn. Bhd.	20	20	(732,311)	(13,143)	(729,063)	3,248
THHE Destini Sdn. Bhd.	49	-	(2,135)	-	365,365	-
Imes Marine Safety Systems Limited	40	-	(131,995)	-	(1,007,863)	-
TF Corp Saudi Arabia Co. Ltd.	49	-	(115,060)	-	1,023,644	-
Individually immaterial subsidiaries with non-controlling interests					(2,805)	(2,805)
Total non-controlling interests					(1,555,716)	(251,929)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

5. Investment in Subsidiaries (Cont'd)

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

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

	Detrac Sdn. Bhd.		Green Pluslink Sdn. Bhd.		Safeair Technical Sdn. Bhd.		THHE Destini Sdn. Bhd.		Imes Marine Safety Systems Limited		TF Corp Saudi Arabia Co. Ltd.	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Summarised statements offinancial position												
Non-current assets	274,164	273,422	7,324,685	8,758,345	2,638,684	820,630	-	-	11,074	-	200,860	-
Current assets	2,000,899	1,466,755	430,006	446,818	4,438,050	2,097,601	750,000	-	2,077,446	-	2,070,764	-
Non-current liabilities	(23,025)	(2,275)	(67,271)	(92,457)	(92,760)	-	-	-	(3,456,607)	-	-	-
Current liabilities	(1,194,377)	(728,664)	(10,852,270)	(10,264,764)	(10,629,281)	(2,901,984)	(4,357)	-	(1,151,570)	-	(182,554)	-
Net assets/(liabilities)	1,057,661	1,009,238	(3,164,850)	(1,152,058)	(3,645,307)	16,247	745,643	-	(2,519,657)	-	2,089,070	-
Summarised statements of profit or loss and other comprehensive income												
Revenue	2,209,751	453,878	558,735	817,117	2,582,632	1,048,059	-	-	832,447	-	-	-
Net profit/(loss) for the financial year	48,424	(638,392)	(2,010,706)	(3,785,695)	(3,661,554)	(65,714)	(4,357)	-	(329,988)	-	(234,816)	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income /(loss)for the financial year	48,424	(638,392)	(2,010,706)	(3,785,695)	(3,661,554)	(65,714)	(4,357)	-	(329,988)	-	(234,816)	-

5. Investment in Subsidiaries (Cont'd)

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

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

	Detrac Sdn. Bhd.		Green Pluslink Sdn. Bhd.		Safeair Technical Sdn. Bhd.		THHE Destini Sdn. Bhd.		Imes Marine Safety Systems Limited		TF Corp Saudi Arabia Co. Ltd.	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Summarised statements of cash flows												
Net cash (used in)/from operating activities	(120,187)	(342,504)	2,869,301	3,000,851	715,798	853,955	(367,499)	-	1,131,494	-	192,494	-
Net cash used in investing activities	(88,294)	(64,960)	(23,550)	(1,154,452)	(1,896,272)	(878,983)	-	-	(11,074)	-	(210,800)	-
Net cash (from)/used in financing activities	-	-	(2,828,174)	(2,844,061)	(7,607)	1,400,000	750,000	-	24,529	-	2,089,070	-
Net (decrease)/increase in cash and cash equivalents	(208,481)	(407,464)	17,577	(997,662)	(1,188,081)	1,374,972	382,501	-	1,144,949	-	2,070,764	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries

During the financial year

(i) The Group re-organises its internal group structures:

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

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

(iii) On 5 September 2016, a wholly-owned subsidiary of the Company, TFC subscribed for 1,500 ordinary shares of GBP 1 each, representing the 60% shareholding in Imes Marine Safety Systems Limited ("IMES") at a subscription price of GBP 50 each share for a total cash consideration of RM401,708 (GBP75,000).

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

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

Fair value of consideration transferred

	Acquisition of			
	TFC	**IMES**	**THHE**	**Total**
2016	**RM**	**RM**	**RM**	**RM**
Cash consideration paid	1,126,839	401,708	382,500	1,911,047

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

During the financial year (Cont'd)

Fair value of identifiable assets acquired and liabilities assumed

	Acquisition of			
	TFC	IMES	THHE	Total
2016	RM	RM	RM	RM
Inventories	-	124,449	-	124,449
Trade and other receivables	-	353,391	-	353,391
Cash and bank balances	2,265,543	2,275,038	750,000	5,290,581
Trade and other payables	-	(1,193,270)	-	(1,193,270)
Borrowings	-	(3,749,275)	-	(3,749,275)
Total identifiable net assets/(liabilities)	2,265,543	(2,189,667)	750,000	825,876

Net cash outflow arising from acquisition of subsidiaries

	Acquisition of			
	TFC	IMES	THHE	Total
2016	RM	RM	RM	RM
Purchase consideration settled in cash	(1,126,839)	(401,708)	(382,500)	(1,911,047)
Cash and cash equivalents of subsidiaries acquired	2,265,543	2,275,038	750,000	5,290,581
	1,138,704	1,873,330	367,500	3,379,534

Goodwill arising from business combination

	Acquisition of			
	TFC	IMES	THHE	Total
2016	RM	RM	RM	RM
Fair value of consideration transferred via cash	1,126,839	401,708	382,500	1,911,047
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	1,138,704	(875,868)	367,500	(630,366)
Fair value of identifiable assets acquired and liabilities assumed	(2,265,543)	2,189,667	(750,000)	(825,876)
Goodwill	-	1,715,507	-	1,715,507

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

<u>In previous financial year</u>

(i) The Group re-organises its internal group structures:

(a) On 26 January 2015, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. transferred its entire shareholdings in Destini First Sdn. Bhd. to the Company at total cash consideration of RM1.

(b) On 10 June 2015, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. transferred its entire shareholdings in Destini Aviation Sdn. Bhd. to the Company at total cash consideration of RM2.

(ii) On 30 April 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire shareholding in Land Auto Technology Sdn. Bhd. ("LAD") for a cash consideration of RM2. On 26 June 2015, the Company subscribed for an additional 49,998 new ordinary shares of RM1 each in LAD for total cash consideration of RM49,998.

(iii) On 5 May 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire shareholding in Prinsip Pertiwi Sdn. Bhd. for a cash consideration of RM2.

(iv) On 16 June 2015, a wholly-owned subsidiary of the Company, Destini Aviation Sdn. Bhd subscribed for 1,400,000 new ordinary shares of RM1 each, representing the 80% shareholding in Safeair Technical Sdn. Bhd. ("STSB") for total cash consideration of RM1,400,000.

(v) On 23 July 2015, a wholly-owned subsidiary of the Company, Destini Armada Sdn. Bhd. entered into a SSA with a third party to acquire 2 ordinary shares of RM1 each, representing the entire shareholding in Destini Shipbuilding And Engineering Sdn. Bhd. ("DSE") for total consideration of RM75,300,000 by way of cash consideration of RM300,000 and issuance of 107,142,857 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.70 each.

(vi) On 12 December 2015, the Company acquired additional 1,750,000 ordinary shares of RM1 each, representing the 50% shareholding in System Enhancement Resources & Technologies Sdn. Bhd. ("SERT") from a third party for total cash consideration of RM4,400,000. Upon completion of the acquisition, SERT that previously held as associate of the Company, became the wholly-owned subsidiary of the Company.

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

In previous financial year (Cont'd)

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

Fair value of consideration transferred

	Acquisition of			
	DSE	**SERT**	**STSB**	**Total**
2015	**RM**	**RM**	**RM**	**RM**
Cash consideration	300,000	4,400,000	1,400,000	6,100,000
Equity instruments issued	75,000,000	-	-	75,000,000
Total consideration transferred	75,300,000	4,400,000	1,400,000	81,100,000

Fair value of identifiable assets acquired and liabilities assumed

	Acquisition of			
	DSE	**SERT**	**STSB**	**Total**
2015	**RM**	**RM**	**RM**	**RM**
Property, plant and equipment	15,119,689	424,044	34,903	15,578,636
Trade and other receivables	28,952,815	7,332,020	163,056	36,447,891
Fixed deposits with licensed banks	-	834,311	-	834,311
Cash and bank balances	3,019,005	435,921	1,567,433	5,022,359
Trade and other payables	(49,183,113)	(6,207,616)	(1,683,431)	(57,074,160)
Finance lease liabilities	-	(139,237)	-	(139,237)
Tax payable	-	(479,405)	-	(479,405)
Total identifiable net (liabilities)/assets	(2,091,604)	2,200,038	81,961	190,395

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

In previous financial year (Cont'd)

Net cash outflow arising from acquisition of subsidiaries

	Acquisition of			
	DSE	**SERT**	**STSB**	**Total**
2015	**RM**	**RM**	**RM**	**RM**
Purchase consideration settled in cash	(300,000)	(4,400,000)	(1,400,000)	(6,100,000)
Cash and cash equivalents of subsidiaries acquired	3,019,005	1,270,232	1,567,433	5,856,670
	2,719,005	(3,129,768)	167,433	(243,330)

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	Acquisition of			
	DSE	**SERT**	**STSB**	**Total**
2015	**RM**	**RM**	**RM**	**RM**
Fair value of consideration transferred via:				
- Ordinary shares	75,000,000	-	-	75,000,000
- Cash	300,000	4,400,000	1,400,000	6,100,000
Non-controlling interests, based on their proportionate interest of the recognised amounts of the assets and liabilities of the	-	-	16,392	16,392
Fair value of identifiable assets acquired and liabilities assumed	2,091,604	(2,200,038)	(81,961)	(190,395)
Goodwill	77,391,604	2,199,962	1,334,431	80,925,997

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

In previous financial year (Cont'd)

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiaries have contributed RM1,769,657 and RM78,701,957 to the Group's revenue and loss for the year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss for the financial year from its continuing operations would have been RM9,261,377 and RM80,037,948 respectively.

(c) Acquisition of non-controlling interests In previous financial year

On 23 September 2015, the Company entered into a Shares Sale Agreement ("SSA") with a third party to acquire 500,000 ordinary shares of SGD1 each, representing the 49% shareholding in Vanguard Composite Engineering Pte. Ltd. ("VCE"), increasing its ownership from 51% to 100%, for total cash consideration of RM10,851,750 (SGD3,500,000). On 21 October 2015, the Company entered into Deed of Novation with the third party to transfer all of its rights, duties and obligations as Purchaser under the SSA to a wholly-owned subsidiary of the Company, Destini Armada Pte. Ltd. Upon completion of the acquisition, VCE became the wholly-owned subsidiary of Destini Armada Pte. Ltd.

The effect of change in the equity interest in VCE that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interests acquired	3,917,896
Consideration paid to non-controlling interests	(10,581,750)
Decrease in parent's equity	(6,663,854)

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

Subsequent to the financial year end

(i) On 16 February 2017, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. entered into a Share Sale Agreement ("SSA") with third parties for proposed acquisition of 700,000 ordinary shares of RM1 each, representing 70% equity interest in Halaman Optima Sdn. Bhd. for a total cash consideration of RM5,500,000. On 29 March 2017, the Company announced that the condition precedent for the SSA has been compiled and the proposed acquisition has been duly completed on 29 March 2017.

(ii) On 28 February 2017, a wholly-owned subsidiary of the Company, Destini Oil Services Sdn. Bhd. acquired 2 ordinary shares of RM1 each, representing entire shareholding in Massive Maxim Sdn. Bhd. for cash consideration of RM2.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

6. Investment in Associates

	Group		Company	
	2016	2015	2016	2015
Outside Malaysia	RM	RM	RM	RM
At cost				
Unquoted shares	315,406	315,406	-	-
Share of post acquisition reserve	(315,406)	(315,406)	-	-
	-	-	-	-

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interests 2016 %	Effective equity interests 2015 %	Principal activities
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.*	Emirates of Abu Dhabi	49	49	Provides oil and gas production facilities operation and maintenance services, and onshore and offshore, oil fields and facilities services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	49	Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance

* Associates not audited by UHY

6. Investment in Associates (Cont'd)

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

	EKSTB		TFEMS	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Summarised statement of financial position				
Non-current assets	-	-	25,407	32,526
Current assets	640,005	612,525	423,310	379,105
Current liabilities	(7,333,129)	(6,366,306)	(472,468)	(455,363)
Net liabilities	(6,693,124)	(5,753,781)	(23,751)	(43,732)
Interest in associate	49%	49%	49%	49%
Group's share of net assets /(liabilities)	-	-	-	-
Carrying value of the Group's interest in associate	-	-	-	-
Summarised statement of profit or loss and other comprehensive income				
Revenue	-	-	19,244	5,068
Net loss for the financial financial year	(629,518)	(3,316,573)	(149,026)	(199,319)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the financial year	(629,518)	(3,316,573)	(149,026)	(199,319)

The Group has not recognised losses related to EKSTB and TFEMS totaling RM3,127,817 (2015: RM2,819,353) and RM110,418 (2015: RM37,395) respectively, since the Group has no obligation in respect of their losses.

7. Investment in Joint Venture

	Group	
	2016	**2015**
	RM	**RM**
In Malaysia:		
At Cost		
Unquoted shares	500,000	500,000
Less: Share of post acquisition reserve	(500,000)	(181,440)
	-	318,560

Details of the joint venture are as follows:

Name of company	Country of incorporation	Effective equity interests 2016 %	Effective equity interests 2015 %	Principal activities
Destini Avia Technique Sdn. Bhd. ("DATSB")	Malaysia	50	50	Specialise in maintenance repair and overhaul for aircraft components and equipment catered to commercial aviation sector

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

7. Investment in Joint Venture (Cont'd)

	DATSB	
	2016	2015
	RM	RM
Summarised statement of financial position		
Non-current assets	926,107	758,229
Current assets	293,580	1,275,836
Current liabilities	(1,939,023)	(1,396,944)
Net (liabilities)/assets	(719,336)	637,121
Interest in joint venture	50%	50%
Group's share of net (liabilities)/assets	(359,668)	318,560
Carrying value of the Group's interest in joint venture	(359,668)	318,560
Summarised statement of profit or loss and other comprehensive income		
Revenue	97,864	-
Net loss for the financial year, representing total comprehensive loss during the financial year	(1,368,438)	(362,879)

8. Investment in Securities

	Group and Company	
	2016	2015
	RM	RM
Financial assets at fair value through profit or loss		
- held for trading		
Quoted securities at fair value,		
- Quoted shares in Malaysia	1,819,982	2,443,925

9. Intangible Assets

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

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

9. Intangible Assets (Cont'd)

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2015					
At cost					
At 1 January 2015	1,617,000	96,918,026	6,746,994	8,085,943	113,367,963
Additions	-	-	-	268,297	268,297
Acquisition through business combination	-	80,925,997	-	-	80,925,997
Effects of movement in exchange rates	-	3,987,863	-	1,261,598	5,249,461
At 31 December 2015	1,617,000	181,831,886	6,746,994	9,615,838	199,811,718
Accumulated amortisation					
At 1 January 2015	-	-	-	2,122,527	2,122,527
Recognised in profit or loss	107,800	-	-	443,529	551,329
Effects of movement in exchange rates	-	-	-	381,973	381,973
At 31 December 2015	107,800	-	-	2,948,029	3,055,829
Carrying amount					
At 31 December 2015	1,509,200	181,831,886	6,746,994	6,667,809	196,755,889

Description of the intangible assets

Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief- From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. It has remaining amortisation period of 13 years (2015: 14 years).

9. Intangible Assets (Cont'd)

Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary sees a potential for such market and hence has spent two years to develop the new technology. As part of the purchase price allocation exercise on the acquired subsidiary, the Group engaged an independent valuation specialist to value the product technology by using the cash flows projections i.e. multi- period excess earnings method ("MEEM"). It has estimated useful life of 7 years and amortisation begins when the product available for sale.

Development costs

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs have an average remaining amortisation period of 5 years (2015: 6 years).

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

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

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

	Group	
	2016	**2015**
	RM	**RM**
Technofibre International Sdn. Bhd.	2,411,262	2,411,262
Techno Fibre (S) Pte. Ltd.	12,682,017	12,420,513
Techno Fibre Middle East Marine Services FZE	17,143,482	16,789,983
Techno Fibre Australia Pty. Ltd.	288,121	282,180
Destini Oil Services Sdn. Bhd. (formerly known as Samudra Oil Services Sdn. Bhd.	67,158,888	67,158,888
Green Pluslink Sdn. Bhd.	-	1,843,063
Destini Shipbuilding And Engineering Sdn. Bhd.	77,391,604	77,391,604
System Enhancement Resources & Technologies Sdn. Bhd.	2,199,962	2,199,962
Safeair Technical Sdn. Bhd.	1,334,431	1,334,431
Imes Marine Safety Systems Limited	1,796,103	-
	182,405,870	181,831,886

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

9. Intangible Assets (Cont'd)

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

The recoverable amount for the above was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and a five-year business plan;

(ii) Revenue was projected at anticipated annual revenue growth of approximately 6% to 23% per annum;

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

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

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

10. Land Use Right

	Group	
	2016	**2015**
	RM	**RM**
At cost		
At 1 January	2,102,419	1,792,306
Effects of movement in exchange rates	(52,312)	310,113
At 31 December	2,050,107	2,102,419
Accumulated depreciation		
At 1 January	223,744	154,895
Charge for the financial year	39,620	39,448
Effects of movement in exchange rates	(4,185)	29,401
At 31 December	259,179	223,744
Carrying amount		
At 31 December	1,790,928	1,878,675

10. Land Use Right (Cont'd)

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 42 (2015: 43 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 24.

11. Other Investment

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Golf club membership	320,000	320,000	150,000	150,000

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

12. Inventories

	Group	
	2016	**2015**
	RM	**RM**
At cost		
Spare parts and consumables	4,080,889	3,821,236
Raw materials	2,385,329	2,417,947
Work-in-progress	2,061,980	3,960,836
Finished goods	3,512,546	2,956,960
	12,040,744	13,156,979
At net realisable value		
Finished goods	464,402	625,048
	12,505,146	13,782,027
Recognised in profit or loss:		
Inventories recognised as cost of sales	14,553,369	30,473,790
Inventories written down	83,171	66,123

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

13. Amount Due from/(to) Contract Customers

	Group 2016 RM	Group 2015 RM
Contract costs incurred to date	213,836,533	43,150,420
Attributable profits	77,484,459	17,748,500
	291,320,992	60,898,920
Less: Progress billings	(294,853,100)	(101,420,000)
	(3,532,108)	(40,521,080)
Presented as:		
Amount due from contract customers	9,805,133	1,661,330
Amount due to contract customers	(13,337,241)	(42,182,410)

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group 2016 RM	Group 2015 RM
Hire of plant and machineries	331,992	-
Rental expenses	91,002	-

14. Trade Receivables

	Group 2016 RM	Group 2015 RM
Trade receivables	168,093,105	120,878,467
Less: Accumulated impairment losses	(2,892,042)	(2,199,081)
	165,201,063	118,679,386

The Group's normal trade credit terms range from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

14. Trade Receivables (Cont'd)

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

	Group	
	2016	**2015**
	RM	**RM**
At 1 January	2,199,081	2,217,457
Impairment loss recognised	721,115	-
Impairment loss reversed	(28,154)	(18,376)
At 31 December	2,892,042	2,199,081

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

	Group	
	2016	**2015**
	RM	**RM**
Neither past due nor impaired Past due not impaired:		
Less than 30 days	58,661,161	88,354,640
Less than 30 days	1,332,592	10,368,655
31 to 90 days	75,324,157	11,320,264
91 to 180 days	29,883,153	8,635,827
	106,539,902	30,324,746
	165,201,063	118,679,386
Impaired	2,892,042	2,199,081
	168,093,105	120,878,467

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2016, trade receivables of RM106,539,902 (2015: RM30,324,746) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM2,892,042 (2015: RM2,199,081), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

15. Other Receivables

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	21,187,437	15,234,955	141,417	369,196
Deposits				
- Suppliers (Trade)	16,172,320	3,708,317	-	-
- Others (Non-trade)	3,832,817	2,835,630	404,021	229,182
	20,005,137	6,543,947	404,021	229,182
Prepayments	65,988,293	4,892,798	1,477,205	59,285
	107,180,867	26,671,700	2,022,643	657,663
Less: Accumulated				
impairment losses	(1,518,968)	(1,819,066)	-	(300,098)
	105,661,899	24,852,634	2,022,643	357,565

Include in other receivables is amount due from an associate amounting to RM6,003,980 (2015: RM5,133,912). These amounts represent unsecured, interest free advances and are repayable on demand.

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	1,819,066	1,817,795	300,098	300,098
Impairment loss recognised	-	1,271	-	-
Written off	(300,098)	-	(300,098)	-
At 31 December	1,518,968	1,819,066	-	300,098

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

16. Amount Due from Subsidiaries

	Company	
	2016	**2015**
	RM	**RM**
Amount due from subsidiaries	300,559,741	166,865,835
Less: Accumulated impairment losses	(15,471,589)	(15,471,589)
	285,088,152	151,394,246

These amounts represent unsecured, interest free advances and are repayable on demand except for an amount of RM50,000,000 (2015: Nil) which bears interest at 6.3% (2015: Nil) per annum.

17. Amount Due from Joint Venture

This amount represents unsecured, interest free advances and is repayable on demand.

18. Fixed Deposits with Licensed Banks

The fixed deposits of the Group at amount of RM24,466,948 (2015: RM15,409,847) have been pledged to licensed banks as securities for bankers' guarantee issued and banking facilities granted to subsidiary as disclosed in Note 24.

The interest rates of deposits during the financial year range from 2.30% to 3.60% (2015: 2.30% to 3.35%) per annum and the maturities from banking are 5 to 365 days (2015: 35 to 365 days) respectively.

19. Cash and Bank Balances

Included in cash and bank balances of the Group is an amount of RM50 (2015: RM353,675) has been pledged to licensed banks.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

20. Share Capital

	Group and Company Ordinary shares of RM0.10 each		Group and CompanyAmount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Authorised:				
At 1 January/ 31 December	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At 1 January	916,671,818	799,421,328	91,667,182	79,942,133
Issuance of shares of RM0.10 each:				
- acquisition of subsidiaries	-	107,142,857	-	10,714,286
- Share options	-	10,031,300	-	1,003,130
- Conversion of warrants	238,558,381	76,333	23,855,838	7,633
At 31 December	1,155,230,199	916,671,818	115,523,020	91,667,182

During the financial year the Company increased its issued and paid up ordinary share capital from RM91,667,182 to RM115,523,020 by way of issuance of 238,558,381 ordinary shares of RM0.10 each through the exercise of the warrants at an issue price of RM0.40 for cash consideration.

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

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

21. Reserves

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

(i) Share premium

	Group and Company 2016 RM	2015 RM
At 1 January	195,716,337	126,612,561
Shares issued for acquisition of subsidiaries	-	64,285,714
Share options exercised	-	4,915,337
Warrant exercised	71,567,514	22,900
Share issuance expenses	-	(120,175)
At 31 December	267,283,851	195,716,337

This relates to the premium paid on subscription of share in the Company over and above the par value of the shares.

21. Reserves (cont'd)

(ii) Foreign currency translation reserve

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

(iii) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Employee share option is disclosed in Note 22.

22. Employees Share Option Scheme ("ESOS") Reserve

At an extraordinary general meeting held on 10 February 2014, the Company's shareholders approved the establishment of an ESOS for eligible Directors and employees of the Group. The ESOS is administered by a committee ("ESOS Committee").

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

The salient features of the ESOS scheme are, inter alia, as follows:

(i) Eligible employees include Directors of the Company and confirmed full time employees of the Company and its eligible subsidiaries or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, shall have attained the age of eighteen (18) years old and have served for at least one year of full continuous service in the Group.
(ii) The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the total issued and paid-up ordinary share capital of the Company at the point in time during the tenure of the ESOS.
(iii) The new Company's shares of RM0.10 each ("new Shares") to be allotted and issued upon the exercise of the ESOS option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM0.10 each save and except that the new Shares will not be entitled to any distributions made or paid prior to the date of allotment of the new Shares. The ESOS option shall not carry any right to vote at a general meeting of the Company.
(iv) The Scheme shall be in force for a period of five (5) year commencing from the effective date. The Scheme may be extended by the Board of Director at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years.
(v) The ESOS option is personal to the grantee and is non-assignable and non- transferable.
(vi) The Shares to be issued and allotted to a grantee pursuant to the exercise of an ESOS option under the Scheme will not be subject to any retention period or restriction on transfer except that a Non-Executive Director shall not sell, transfer or assign the Shares obtained through the exercise of the ESOS option within one year from the grant date.
(vii) An option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date on which the ESOS option is granted and shall in no event be less than the par value of the shares of the Company of RM0.10.
(viii) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the Board of Director.
(ix) The option granted to eligible executives will lapse when they are no longer in employment of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

22. Employees Share Option Scheme ("ESOS") Reserve (Cont'd)

The grant date of the first offer of ESOS was on 17 April 2014.

Movement in the number of share options and the weighted average exercise prices ("WAEP") are as follows:

	Number of share option	Weighted average exercise price
Group		**RM**
At 1 January 2015	24,832,200	0.53
Exercised during the financial year	(10,031,300)	0.53
Lapsed during the financial year	(14,800,900)	0.53
At 31 December 2015/2016	-	0.53

No share options were granted during the financial year.

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

Weighted average fair value at grant date (RM)	0.06
Weighted average share price at grant date (RM)	0.59
Weighted average volatility (%)	8.38
Expected weighted average option life (years)	1.00
Expected dividends yield (%)	-
Risk-free interest rate (based on Malaysian government bonds) (%)	3.86

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility over the past 10 days, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	2016 RM	2015 RM
At 1 January	-	12,495,300
Exercised	-	(500,000)
Lapsed	-	(11,995,300)
At 31 December	-	-

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

23. Finance Lease Liabilities

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Minimum finance lease payments:				
Within one year	782,496	751,934	14,712	-
Between one and five years	2,015,523	2,426,852	11,034	-
More than five years	158,004	184,016	-	-
	2,956,023	3,362,802	25,746	-
Less : Future finance charges	(281,539)	(357,459)	(1,713)	-
Present value of finance lease liabilities	2,674,484	3,005,343	24,033	-
Present value of finance lease liabilities:				
Within one year	652,565	622,223	13,333	-
Between one and five years	1,872,065	2,210,330	10,700	-
More than five years	149,854	172,790	-	-
	2,674,484	3,005,343	24,033	-
Analysed as:				
Repayable within twelve months	652,565	622,223	13,333	-
Repayable after twelve months	2,021,919	2,383,120	10,700	-
	2,674,484	3,005,343	24,033	-

The finance lease liabilities interests are charged at rates ranging from 2.28% to 4.09% (2015: 2.28% to 5.06%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

24. Bank Borrowings

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Secured				
Bank overdrafts	284,228	322,743	-	-
Trust receipts	1,401,170	3,271,344	-	-
Term loan I	193,741	443,235	-	-
Term loan II	168,921	179,067	-	-
Term loan III	9,032,853	9,481,646	9,032,853	9,481,646
Term loan IV	-	2,789,515	-	-
Term loan V	5,104,000	7,656,000	-	-
Term loan VI	3,306,316	3,699,149	3,306,316	3,699,149
Term loan VII	2,258,322	2,315,947	-	-
Term loan VIII	1,600,000	2,400,000	-	-
Term loan IX	8,977,788	10,496,913	-	-
Term loan X	50,000,000	-	50,000,000	-
Total bank borrowings	82,327,339	43,055,559	62,339,169	13,180,795
Analysed as:				
Repayable within twelve months				
Bank overdrafts	284,228	322,743	-	-
Trust receipts	1,401,170	3,271,344	-	-
Term loan I	193,741	253,312	-	-
Term loan II	10,347	9,823	-	-
Term loan III	505,894	509,834	505,894	509,834
Term loan IV	-	2,789,515	-	-
Term loan V	5,104,000	7,656,000	-	-
Term loan VI	392,832	392,832	392,832	392,832
Term loan VII	2,258,322	2,315,947	-	-
Term loan VIII	1,600,000	2,400,000	-	-
Term loan IX	1,730,135	1,696,041	-	-
Term loan X	5,000,000	-	5,000,000	-
	18,480,669	21,617,391	5,898,726	902,666
Repayable after twelve months				
Term loan I	-	189,923	-	-
Term loan II	158,574	169,244	-	-
Term loan III	8,526,959	8,971,812	8,526,959	8,971,812
Term loan VI	2,913,484	3,306,317	2,913,484	3,306,317
Term loan IX	7,247,653	8,800,872	-	-
Term loan X	45,000,000	-	45,000,000	-
	63,846,670	21,438,168	56,440,443	12,278,129
Total	82,327,339	43,055,559	62,339,169	13,180,795

24. Bank Borrowings (Cont'd)

Term loan I
The term loans consist of the bala nc es of Business Term loan o f S$250,000 (RM775,150) obtained in July 2014 for working capital purposes. The term loan bears interest at a fixed rate of 6% per annum and repayable by 36 monthly instalments. The term loan is secured by corporate guarantee from the Company.

Term loan II
The term loan of RM200,000 obtained from a local bank bears interest at rate of 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing September 2014.

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

Term loan III
The term loan is secured by way of a first legal charged on a freehold land and building of the Company at carrying amount of RM15,857,745. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan IV
The term loan bears interest rate at 0.80% per annum below the effective cost of fund of 63% per annum. The bank borrowings are secured by ways of:

(a) Facility agreement;

(b) A debenture over the subsidiary's fixed and floating assets, both moveable and immovable;

(c) An assignment over lease agreement of the project land and building;

(d) An assignment over Debt Service Reserve Account; and

(e) Joint and several guarantee by certain Directors of the Company and third party. During the financial year, the term loan has been fully settled.

Term loan V and VIII
Term loan was denominated in RM, bore interest at 6.10% per annum. It was secured by the followings:

(a) Deed of assignment of contract proceeds;

(b) Debenture incorporating fixed and floating assets; and

(c) Corporate guarantee by the Company.

Term loan VI
The term loan is secured by way of a first legal charge on a freehold land and building of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

24. Bank Borrowings (Cont'd)

Term loan VII
The term loans consist of:

(a) RMB1,500,000 (RM968,550) with floating rate of 1.355% over benchmark interest rates of the loan prime rate ("LPR") and is reprised at interval of 1 month for period of 12 months from December 2016 to December 2017. The effective interest rate at the end of the reporting period is 5.66% per annum.

(b) RMB2,000,000 (RM1,291,400) with floating rate of 1.355% over benchmark interest rates of the loan prime rate ("LPR") and is repriced at interval of 1 month for period of 12 months from December 2016 to December 2017. The effective interest rate at the end of the reporting period is 5.66% per annum.

The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in PRC.

Term loan IX
The term loan amounted to S$3,500,000 (RM10,638,259) and bears interest at floating rate of 2.75% over prevailing rate per annum. The term loan is secured by ways of:

(a) Fixed deposit of S$100,000 and interest accrued (RM2,551,660) of a subsidiary.

(b) Corporate guarantee by the Company.

The term loan is repayable by monthly installments of S$62,464 over 5 years

Term loan X
The term loan amounted to RM50,000,000 and bears interest at rate of 1.75% per annum above the bank's cost of funds. The term loan is repayable by 30 monthly instalments commencing from May 2017.

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

Trust receipts
Invoice financing of S$451,903 (RM1,406,170) for working capital purposes and bears interests at prevalent rate per annum and is jointly and severally guaranteed by certain Directors and corporate guarantee by the Company.

24. Bank Borrowings (Cont'd)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	%	**%**	**%**	**%**
Bank overdrafts	4.90 - 7.88	4.80 - 7.88	-	-
Trust receipts	8.90 - 9.20	8.90 - 9.20	-	-
Term loans	6.80 - 13.20	6.50 - 13.20	6.85	7.75

Maturity of bank borrowing is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Within one year	18,480,669	21,617,391	5,898,726	902,666
Between one year to two years	23,461,084	3,380,637	21,720,068	902,071
Between two years to five years	39,946,908	9,516,415	34,720,375	2,959,555
More than five years	438,678	8,541,116	-	8,416,503
	82,327,339	43,055,559	62,339,169	13,180,795

25. Deferred Tax Liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At 1 January	3,069,999	4,590,348	-	-
Recognised in profit or loss (Note 32)	2,258,525	(1,520,349)	-	-
At 31 December	5,328,524	3,069,999	-	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities	6,767,405	5,720,341	-	-
Deferred tax assets	(1,438,881)	(2,650,342)	-	-
	5,328,524	3,069,999	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

25. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

Group	Provisions RM	Intangible assets RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities				
At 1 January 2016	-	1,146,988	4,573,353	5,720,341
Recognised in profit or loss	72,607	-	974,457	1,047,064
At 31 December 2016	72,607	1,146,988	5,547,810	6,767,405
At 1 January 2015	-	1,146,988	3,479,302	4,626,290
Recognised in profit or loss	-	-	1,094,051	1,094,051
At 31 December 2015	-	1,146,988	4,573,353	5,720,341

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Depreciation in excess of capital allowances RM	Total RM
Deferred tax assets				
At 1 January 2016	(36,200)	(2,607,142)	(7,000)	(2,650,342)
Recognised in profit or loss	6,070	1,252,295	(46,904)	1,211,461
At 31 December 2016	(30,130)	(1,354,847)	(53,904)	(1,438,881)
At 1 January 2015	-	(35,942)	-	(35,942)
Recognised in profit or loss	(36,200)	(2,571,200)	(7,000)	(2,614,400)
At 31 December 2015	(36,200)	(2,607,142)	(7,000)	(2,650,342)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised tax losses	27,372,500	24,763,800	24,300	-
Unabsorbed capital allowances	6,448,100	5,057,500	200,800	-
Other deductible temporary differences	17,700	-	-	-
	33,838,300	29,821,300	225,100	-

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.

26. Redeemable Preference Shares

	Group			
	Number of shares		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
Redeemable preference shares of GBP1.00 each				
Issued and fully paid:				
At 1 January 2016	-	-	-	-
Issued during the financial year	250,000	-	1,941,301	-
At 31 December 2016	250,000	-	1,941,301	-

The main features of the preference shares are as follows:

(i) The preference shares shall confer a right to a fixed non-cumulative preferential dividend at the fixed rate of GBP0.01 per annum. The preferential dividend shall rank for payment in priority to the payment of a dividend on any other shares of the subsidiary.
(ii) The preference shares shall not confer the right to any further or other participation in the profit of the subsidiary.
(iii) The preference shares will be redeemed at GBP1.00 each in a date to be determined later but not later than thirty six (36) months from the date of issuance.
(iv) The preference shares shall rank in priority in any distribution of assets in the event of liquidation, dissolution or winding-up of the subsidiary.

27. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

28. Other Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	16,184,731	6,139,220	301,616	184,967
Accruals	3,003,551	2,974,522	114,419	157,336
Deposits received	2,299,332	1,391,708	-	-
	21,487,614	10,505,450	416,035	342,303

29. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of goods	40,035,645	65,812,724	-	-
Rendering of services	121,297,397	102,691,570	-	-
Contract revenue	193,433,100	101,420,000	-	-
Training and seminar	-	129,125	-	-
Management fee	-	-	9,000,000	9,000,000
	354,766,142	270,053,419	9,000,000	9,000,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

30. Finance Costs

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Bank overdrafts	32,236	22,438	-	-
Trust receipts	73,389	242,348	-	-
Finance lease liabilities	141,181	131,454	511	-
Term loans	2,491,481	1,940,377	1,155,812	832,121
Others	151,207	169,927	-	-
	2,889,494	2,506,544	1,156,323	832,121

31. Profit/(Loss) Before Tax

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Amortisation of:				
- Intangible assets	602,862	551,329	-	-
- Land use right	39,620	39,448	-	-
Auditors' remuneration				
- Statutory audits	492,159	450,437	82,000	62,000
- Under provision in prior years	500	19,300	-	6,000
- Non-audit services	5,000	25,000	5,000	25,000
Amount due from a subsidiary written off	-	-	2,000	-
Bad debts written off	-	17,987	-	-
Depreciation of property, plant and equipment	11,451,392	11,339,729	1,435,415	1,072,973
Non-Executive Directors remuneration:				
- Fee	99,500	79,500	99,500	79,500
Gain on disposal of property, plant and equipment	(2,442)	(662)	-	-
Fair value adjustment on investment in securities	904,099	3,332,625	904,099	3,332,625
Loss/(Gain) on foreign exchange				
- realised	875,575	(107,074)	-	(4,093)
- unrealised	(787,919)	(155,892)	-	-
Impairment loss on:				
- Trade receivables	721,115	-	-	-
- Other receivables	-	1,271	-	-
- Investment in a subsidiary	-	-	4,099,999	-
- Goodwill	1,843,063	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

31. Profit/(Loss) Before Tax (Cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Inventories written down	-	66,123	-	-
Interest income from:				
- licensed banks	(379,430)	(362,699)	(70,080)	(113,646)
- advance to a subsidiary	-	-	(263,014)	-
Property, plant and equipment written off	145,257	126,380	25,226	-
Rental of workshop	744,968	559,100	-	-
Rental of equipment	211,163	187,180	-	1,380
Rental of motor vehicles	69,820	94,736	-	-
Rental of premises	2,654,629	2,138,491	21,000	-
Reversal of impairment loss on trade receivables	(28,154)	(18,376)	-	-
Waiver of debts by trade payables	(250,052)	-	-	-
Waiver of debts by other payables	(880,594)	-	-	-
Rental income	(186,937)	-	(156,000)	-

32. Taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	12,486,989	10,808,772	-	-
Under/(Over) provision in prior years:				
- Malaysia income tax	390,505	(1,267,868)	218,553	(335,864)
- Foreign tax	-	69,447	-	-
	12,877,494	9,610,351	218,553	(335,864)
Deferred tax: (Note 25)				
Origination and reversal of temporary differences	2,068,509	(1,381,704)	-	-
Under/(Over) provision in prior years	190,016	(138,645)	-	-
	2,258,525	(1,520,349)	-	-
Tax expense/(credit) for the the financial year	15,136,019	8,090,002	218,553	(335,864)

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

32. Taxation (Cont'd)

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

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Profit/(Loss) before tax	46,233,107	25,416,171	(7,632,344)	(4,868,359)
Taxation at statutory tax rate of 24% (2015 : 25%)	11,095,960	6,332,817	(1,831,763)	(1,217,090)
Effects of tax rates in other countries	196,143	242,231	-	-
Income not subject to tax	(177,801)	(481,688)	(19,653)	-
Expenses not deductible for tax purposes	2,480,922	3,709,249	1,796,181	1,097,814
Share of results of associates and joint venture	76,455	65,435	-	-
Utilisation of previously unrecognised deferred tax assets	(705,081)	(832,512)	-	-
Deferred tax assests not recognised	1,669,107	391,536	55,235	119,276
Under/(Over) provision of deferred tax in prior years	190,016	(138,645)	-	-
Under/(Over) provision of income tax expense in prior years	390,505	(1,198,421)	218,553	(335,864)
Tax incentive	(80,207)	-	-	-
Tax expense/(credit) for the financial year	15,136,019	8,090,002	218,553	(335,864)

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

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Unutilised tax losses	27,498,300	25,887,900	24,300	-
Unabsorbed capital allowances	12,079,800	14,815,000	200,800	-
	39,578,100	40,702,900	225,100	-

33. 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	
	2016 RM	2015 RM
Profit attributable to ordinary shareholders	33,031,210	21,165,573
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	916,671,818	799,421,328
Effect of ordinary shares issued during the financial year	92,393,953	10,516,795
Weighted average number of ordinary shares at 31 December	1,009,065,771	809,938,123
Basic earnings per ordinary shares (in sen)	3.27	2.61

Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted 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 have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2016 RM	2015 RM
Profit attributable to ordinary shareholders of the Company (diluted)	33,031,210	21,165,573
Weighted average number of ordinary		
shares used in the calculation of basic earnings per share	1,009,065,771	809,938,123
Adjusted for:		
Assumed exercise of warrants at no consideration	-	77,092,780
Weighted average number of ordinary shares at 31 December (diluted)	1,009,065,771	887,030,903
Diluted earnings per shares (in sen)	3.27	2.39

34. Staff Costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages and other emoluments	35,917,051	31,796,743	3,733,129	4,072,352
Social security contributio	993,174	233,910	461,732	527,539
Defined contibution plan	2,545,970	3,069,709	31,844	27,153
Other benefits	5,643,091	1,603,832	621,007	257,474
	45,099,286	36,704,194	4,847,712	4,884,518

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

34. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year as below:

	Group and Company	
	2016 RM	2015 RM
Executive Directors		
Salaries and other emoluments	1,250,643	930,000
Defined contribution plan	145,200	109,200
	1,395,843	1,039,200

35. Related Party Disclosures

(a) Identifying related parties

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

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

(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 balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	2016 RM	2015 RM
Transactions with subsidiaries		
Management fee received/receivables	9,000,000	9,000,000
Interest income	263,014	-

35. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other member of key management personnel are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Short-term employees benefits				
- Salaries and other emoluments	5,651,734	5,955,901	1,250,643	1,090,500
- Fees	99,500	79,500	99,500	79,500
- EPF	506,698	619,951	145,200	109,200
	6,257,932	6,655,352	1,495,343	1,279,200

36. Segment Information

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

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

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Marine construction	Shipbuilding, and restoration and maintenance of vessels
Recycling of waste	Extraction and recycling of waste tires for the production ofcarbon black, diesel fuel and scrap metal

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

<u>Segment assets</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

36. Segment Information (Cont'd)

2016	Maintenance, repair, overhaul and training RM	Marine construction RM	Recycling of waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue						
External customers	206,716,262	147,491,145	558,735	354,766,142	-	354,766,142
Inter-segment sales	151,710,438	-	-	151,710,438	(151,710,438)	-
Total revenue	358,426,700	147,491,145	558,735	506,476,580	(151,710,438)	354,766,142
Results						
Interest income	287,992	91,438	-	379,430	-	379,430
Finance costs	(2,804,377)	(263,014)	(85,117)	(3,152,508)	263,014	(2,889,494)
Depreciation of property, plant and equipment	(9,185,420)	(777,722)	(1,488,250)	(11,451,392)	-	(11,451,392)
Amortisation of intangible assets	(602,862)	-	-	(602,862)	-	(602,862)
Amortisation of land use right	(39,620)	-	-	(39,620)	-	(39,620)
Fair value adjustment on investment in securities	(904,099)	-	-	(904,099)	-	(904,099)
Other non-cash items	(4,269,510)	290,475	961,825	(3,017,210)	2,256,936	(760,274)
Share of results of joint venture	-	-	-	-	(318,560)	(318,560)
Segment profit/(loss)	29,800,084	25,388,589	(437,339)	54,751,334	6,085,710	60,837,044
Segment assets	950,868,225	115,221,423	7,756,601	1,073,846,249	(392,280,250)	681,565,999
Included in the measurement of segment assets are:						
Capital expenditure	8,157,691	17,812,625	54,590	26,024,906	-	26,024,906
Segment liabilities	486,542,789	84,844,007	10,919,365	582,306,161	(380,563,840)	201,742,321
Other non-cash expenses/(income)						
Waiver of debts by trade payables	(164,040)	-	(86,012)	(250,052)	-	(250,052)
Waiver of debts by other payables	(4,781)	-	(875,813)	(880,594)	-	(880,594)
Gain on disposal of property, plant and equipment	(2,442)	-	-	(2,442)	-	(2,442)
Impairment loss on:						
- Trade receivables	721,115	-	-	721,115	-	721,115
- Investment in a subsidiary	4,099,999	-	-	4,099,999	(4,099,999)	-
- Goodwill	-	-	-	-	1,843,063	1,843,063
Property, plant and equipment written off	145,257	-	-	145,257	-	145,257
Reversal of impairment loss on trade receivables	(28,154)	-	-	(28,154)	-	(28,154)
Unrealised gain on foreign exchange	(497,444)	(290,475)	-	(787,919)	-	(787,919)

36. Segment Information (Cont'd)

2015	Maintenance, repair, overhaul and training RM	Marine construction RM	Recycling of waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue						
External customers	175,422,802	93,813,500	817,117	270,053,419	-	270,053,419
Inter-segment sales	103,582,318	-	-	103,582,318	(103,582,318)	-
Total revenue	279,005,120	93,813,500	817,117	373,635,737	(103,582,318)	270,053,419
Results						
Interest income	362,699	-	-	362,699	-	362,699
Finance costs	(2,388,488)	-	(118,056)	(2,506,544)	-	(2,506,544)
Depreciation of property, plant and equipment	(9,752,705)	(10,636)	(1,576,388)	(11,339,729)	-	(11,339,729)
Amortisation of intangible assets	(551,329)	-	-	(551,329)	-	(551,329)
Amortisation of land use right	(39,448)	-	-	(39,448)	-	(39,448)
Fair value adjustment on investment in securities	(3,332,625)	-	-	(3,332,625)	-	(3,332,625)
Other non-cash items	(476,160)	-	-	(476,160)	512,991	36,831
Share of results of associates and joint venture	-	-	-	-	(241,711)	(241,711)
Segment profit/(loss)	27,860,970	14,523,034	(2,091,251)	40,292,753	(802,231)	39,490,522
Segment assets	699,071,024	58,494,877	9,205,163	766,771,064	(266,289,026)	500,482,038
Included in the measurement of segment assets are:						
Capital expenditure	117,328,433	300,573	1,154,452	118,783,458	-	118,783,458
Investment in associates and joint venture	560,271	-	-	560,271	(241,711)	318,560
Segment liabilities	341,883,782	49,180,698	10,357,221	401,421,701	(251,369,404)	150,052,297
Other non-cash expenses/(income)						
Bad debts written off	17,987	-	-	17,987	-	17,987
Gain on disposal of property, plant and equipment	(662)	-	-	(662)	-	(662)
Impairment loss on other receivables	1,271	-	-	1,271	-	1,271
Inventories written down	66,123	-	-	66,123	-	66,123
Property, plant and equipment written off	126,380	-	-	126,380	-	126,380
Reversal of impairment loss on trade receivables	(531,367)	-	-	(531,367)	512,991	(18,376)
Unrealised gain on foreign exchange	(155,892)	-	-	(155,892)	-	(155,892)

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

36. Segment Information (Cont'd)

(a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

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

	Revenue		Non-current assets	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Group				
Malaysia	323,252,466	225,483,213	251,131,776	240,337,285
Singapore	31,513,676	44,570,206	55,632,808	53,852,365
	354,766,142	270,053,419	306,764,584	294,189,650

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

	2016 RM	**2015 RM**
Group		
Property, plant and equipment	107,471,187	94,916,526
Investment in joint venture	-	318,560
Intangible assets	197,182,469	196,755,889
Land use right	1,790,928	1,878,675
Other investment	320,000	320,000
	306,764,584	294,189,650

(c) Major customer

Revenue from one major customer amounted to RM150,622,829 (2015: RM104,279,750) arising from sales by the maintenance, repair, overhaul and training segment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

37. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2016				
Financial Assets				
Investment in securities	1,819,982	-	-	1,819,982
Trade receivables	-	165,201,063	-	165,201,063
Other receivables	-	39,673,606	-	39,673,606
Amount due from joint venture	-	683,846	-	683,846
Fixed deposits with licensed banks	-	55,360,407	-	55,360,407
Cash and bank balances	-	21,747,990	-	21,747,990
	1,819,982	282,666,912	-	284,486,894
Financial Liabilities				
Trade payables	-	-	56,572,643	56,572,643
Other payables	-	-	21,487,614	21,487,614
Finance lease liabilities	-	-	2,674,484	2,674,484
Bank borrowings	-	-	82,327,339	82,327,339
Redeemable preference shares	-	-	1,941,301	1,941,301
	-	-	165,003,381	165,003,381

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

37. Financial Instruments (Cont'd)

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

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2015				
Financial Assets				
Investment in securities	2,443,925	-	-	2,443,925
Trade receivables	-	118,679,386	-	118,679,386
Other receivables	-	19,959,836	-	19,959,836
Amount due from joint venture	-	590,761	-	590,761
Fixed deposits with licensed banks	-	31,815,847	-	31,815,847
Cash and bank balances	-	12,063,998	-	12,063,998
	2,443,925	183,109,828	-	185,553,753
Financial Liabilities				
Trade payables	-	-	35,228,272	35,228,272
Other payables	-	-	10,505,450	10,505,450
Finance lease liabilities	-	-	3,005,343	3,005,343
Bank borrowings	-	-	43,055,559	43,055,559
	-	-	91,794,624	91,794,624

37. Financial Instruments (Cont'd)

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

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Company				
2016				
Financial Assets				
Investment in securities	1,819,982	-	-	1,819,982
Other receivables	-	545,438	-	545,438
Amount due from subsidiaries	-	285,088,152	-	285,088,152
Fixed deposits with licensed banks	-	20,000,000	-	20,000,000
Cash and bank balances	-	971,801	-	971,801
	1,819,982	306,605,391	-	306,605,391
Financial Liabilities				
Other payables	-	-	416,035	416,035
Finance lease liabilities	-	-	24,033	24,033
Bank borrowings	-	-	62,339,169	62,339,169
	-	-	62,779,237	62,779,237
2015				
Financial Assets				
Investment in securities	2,443,925	-	-	2,443,925
Other receivables	-	298,280	-	298,280
Amount due from subsidiaries	-	151,394,246	-	151,394,246
Fixed deposits with licensed banks	-	14,006,214	-	14,006,214
Cash and bank balances	-	527,813	-	527,813
	2,443,925	166,226,553	-	168,670,478
Financial Liabilities				
Other payables	-	-	342,303	342,303
Bank borrowings	-	-	13,180,795	13,180,795
	-	-	13,523,098	13,523,098

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

37. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM15,875,529 (2015: RM23,785,663), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Save as disclosed in Note 36(c), the Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

Financial guarantee

The Group provides secured bank guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM37,677,282 (2015: RM39,990,746). There was no indication that the guarantee will be called upon.

Intercompany loan advances

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

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

37. Financial Instruments (Cont'd)

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

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis.The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

37. 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 financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flow RM	Total carrying amount RM
Group						
2016						
Non-derivative financial liabilities						
Trade payables	56,572,643	-	-	-	56,572,643	56,572,643
Other payables	21,487,614	-	-	-	21,487,614	21,487,614
Finance lease liabilities	782,496	816,515	1,199,088	158,004	2,956,023	2,674,484
Bank borrowings	15,455,740	26,639,926	39,525,937	8,643,231	90,264,834	82,327,339
	94,298,493	27,456,441	40,724,945	8,801,235	171,281,114	163,062,080
2015						
Non-derivative financial liabilities						
Trade payables	35,228,272	-	-	-	35,228,272	35,228,272
Other payables	10,505,450	-	-	-	10,505,450	10,505,450
Finance lease liabilities	751,934	714,509	1,712,343	184,016	3,362,802	3,005,343
Bank borrowings	22,914,434	3,798,484	11,334,203	11,429,940	49,477,061	43,055,559
	69,400,090	4,512,993	13,046,546	11,613,956	98,573,585	91,794,624

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

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

(ii) Liquidity risk (Cont'd)

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flow RM	Total carrying amount RM
Company						
2016						
Non-derivative financial liabilities						
Other payables	416,035	-	-	-	416,035	416,035
Finance lease liabilities	14,712	11,034	-	-	25,746	24,033
Bank borrowings	6,718,753	24,891,167	34,279,660	8,183,152	74,072,732	62,339,169
	7,149,500	24,902,201	34,279,660	8,183,152	74,514,513	62,779,237
2015						
Non-derivative financial liabilities						
Other payables	342,303	-	-	-	342,303	342,303
Bank borrowings	1,848,890	1,730,537	5,069,100	9,751,757	18,400,284	13,180,795
	2,191,193	1,730,537	5,069,100	9,751,757	18,742,587	13,523,098

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

37. Financial Instruments (Cont'd)

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

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Renminbi ("RMB") and Singapore Dollar ("SGD").

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

	Denominated in			
	USD RM	**EUR RM**	**RMB RM**	**SGD RM**
Group				
2016				
Trade receivables	11,767,883	-	-	-
Other receivables	146,947	-	-	-
Cash and bank balances	1,100,276	487	-	-
Trade payables	(1,766,833)	(226,883)	-	-
Other payables	(2,189,761)	(9,599)	-	-
Bank borrowings	-	-	2,258,322	10,572,699
	9,058,512	(235,995)	2,258,322	10,572,699
2015				
Trade receivables	10,732,351	-	1,751,849	-
Other receivables	137,541	-	-	-
Cash and bank balances	1,628,309	-	-	-
Trade payables	(6,105,777)	(40,313)	-	-
Other payables	(1,543,208)	(721,027)	-	-
Bank borrowings	-	-	2,315,947	14,211,492
	4,849,216	(761,340)	4,067,796	14,211,492

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

37. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, RMB and SGD exchange rates against RM, with all other variables held constant.

A 5% (2015: 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's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

37. 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 and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2016 RM	2015 RM
Group		
Fixed rate instruments		
Financial liabilities	2,674,484	3,005,343
Floating rate instruments		
Financial liabilities	82,327,339	43,055,559
Company		
Fixed rate instruments		
Financial liabilities	24,033	-
Floating rate instruments		
Financial liabilities	62,339,169	13,180,795

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's profit before tax by RM205,818 (2015: RM107,639) and RM155,848 (2015:RM32,952) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

37. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or foreign exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher / lower, with all other variables held constant, the Group's profit before tax would have been RM181,998 (2015: RM244,392) higher / lower, arising as a result of higher / lower fair value gain on held for trading investment in equity instrument.

(c) Fair values of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (cont'd)

37. Financial Instruments (Cont'd)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group										
2016										
Financial Asset										
Investment in securities	1,819,982	-	-	1,819,982	-	-	-	-	1,819,982	1,819,982
Financial Liability										
Finance lease liabilities	-	-	-	-	-	2,571,204	-	2,571,204	2,571,204	2,674,484
2015										
Financial Asset										
Investment in securities	2,443,925	-	-	2,443,925	-	-	-	-	2,443,925	2,443,925
Financial Liability										
Finance lease liabilities	-	-	-	-	-	2,905,455	-	2,905,455	2,905,455	3,005,343
Company										
2016										
Financial Asset										
Investment in securities	1,819,982	-	-	1,819,982	-	-	-	-	1,819,982	1,819,982
Financial Liability										
Finance lease liabilities	-	-	-	-	-	23,517	-	23,517	23,517	24,033
2015										
Financial Asset										
Investment in securities	2,443,925	-	-	2,443,925	-	-	-	-	2,443,925	2,443,925

37. Financial Instruments (Cont'd)

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

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

38. Capital Management

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

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

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows

	2016	**2015**
	RM	**RM**
Total loans and borrowings	86,943,124	46,060,902
Less: Deposits, bank and cash balances	(77,108,397)	(43,879,845)
Net debt	9,834,727	2,181,057
Total equity	481,379,394	350,681,670
Gearing ratio	2.0%	0.6%

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2016 (Cont'd)

38. Capital Management (Cont'd)

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

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

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 April 2017.

40. 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 as at reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 2016 is analysed as follows:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained profits /(accumulated losses) of the Company and its subsidiaries				
- realised	38,919,646	21,302,252	(10,645,406)	(2,794,509)
- unrealised	3,393,617	(5,255,636)	-	-
Total accumulated losses from associates and joint venture				
- realised	(815,406)	(496,846)	-	-
	41,497,857	15,549,770	(10,645,406)	(2,794,509)
Less : Consolidation adjustments	42,835,519	35,752,396	-	-
Total retained profits /(accumulated losses)	84,333,376	51,302,166	(10,645,406)	(2,794,509)

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

AS AT 31 DECEMBER 2016

Location	Description	Current Use	Tenure	Age of Build-ings	Audited Net Book Value as at 31.12.2016	Date of acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak	4,049 Square Meter	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM783,300	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam	4,180 Square Meter	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	16 years	RM15,676,830	04.06.2013
San Yu Town,Nantong TongZhou City Industry Park, Jiangsu Province, China	11,608 Square Meter	Office and Factory	Leasehold expiring on 1st March 2059 (unexpired term of about 42 years)	7 years	RM2,742,506	01.01.2011
No 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1189 square meter	Office and Workshop	Freehold	7 years	RM630,533	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1797 Square Meter Built up: 311 square meter	Office and workshop	Leasehold for a period of 60 years expiring on 22 Jan 2062.	-	RM868,482	09.10.2014

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Location	Description	Current Use	Tenure	Age of Buildings	Audited Net Book Value as at 31.12.2016	Date of acquisition
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Build a yard on rented land)	14,520 Square meter	Yard	Rent and renew yearly.	3 years	RM1,873,829	01.05.2013
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor D. Ehsan	Land area: 1,091 square meter Built up: 663 square meter	Office and workshop	Freehold	1 year	RM4,742,257	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Land area: 23,160 square meter Built up: 6,361 square meter	Office and factory	Leasehold for a period of 99 years expiring on 27 June 2073	20 years	RM14,865,954	01.12.2016

ANALYSIS OF SHAREHOLDINGS

AS AT 31MARCH 2017

A. Share Capital

Total Number of Shares	:	1,155,230,299
Issued Share Capital	:	RM115,523,029.90
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	20	0.63	717	0.00
100 – 1,000	469	14.85	215,657	0.02
1,001 – 10,000	1,306	41.34	7,937,098	0.69
10,001 – 100,000	1,028	32.54	37,702,866	3.26
100,001 to less than 5% of issued shares	333	10.54	709,297,628	61.40
5% and above of issued shares	3	0.09	400,076,333	34.63
Total	**3,159**	**100.00**	**1,155,230,299**	**100.00**

C. Directors' Shareholdings as at 31 March 2017

		Direct Interest		Indirect Interest	
No.	Name of Director	No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Rodzali bin Daud	-	-	-	-
2.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	18,668,500	1.62	257,491,612 (1)	22.29
3.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
4.	Abdul Rahman bin Mohamed Rejab	-	-	-	-
5.	Dato' Che Sulaiman bin Shapie	-	-	-	-
6.	Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	-	-	-	-
7.	Dato' Sri Dr Mohmad Isa bin Hussain	-	-	-	-

Notes:

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

ANALYSIS OF SHAREHOLDINGS
AS AT 31MARCH 2017

D. Substantial Shareholders as at 31 March 2017

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn. Bhd.	255,349,712	22.10		
2.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	18,668,500	1.62	257,491,612 (1)	22.29
3.	Aroma Teraju Sdn. Bhd.	200,000,000	17.31	-	-
4.	Utarasama Marine Sdn. Bhd.	116,127,000	10.05	-	-
5.	Destination Marine Services Sdn. Bhd.	107,142,857	9.27	-	-
6.	MTD Capital Sdn. Bhd.	64,000,000	5.54	-	-
7.	Lim Nyuk Sang @ Freddy Lim	57,236,166	4.95	2,500,000 (2)	0.22

Notes:

(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd. and R Capital Sdn. Bhd.
(2) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in Santraprise Sdn. Bhd.

E. List of 30 Largest Securities Account Holders as at 31 March 2017

No.	Name of Shareholders	Shares held	%
1.	AROMA TERAJU SDN. BHD.	200,000,000	17.31
2.	KENANGA NOMINEES (TEMPATAN) SDN. BHD.BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR UTARASAMA MARINE SDN. BHD.	101,000,333	8.74
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD.	99,076,000	8.58
4.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD. (MARGIN)	44,334,112	3.84
5.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PBCL-0G0412)	34,130,000	2.95
6.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	31,895,966	2.76

ANALYSIS OF SHAREHOLDINGS

AS AT 31MARCH 2017

No.	Name of Shareholders	Shares held	%
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY:EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	26,139,200	2.26
8.	RHB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: RHB TRUSTEES BERHAD FOR DESTINATION MARINE SERVICES SDN. BHD.	22,727,286	1.97
9.	HSBC NOMINEES (ASING) SDN. BHD. BENEFICIARY: EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	21,600,000	1.87
10.	YAYASAN POK DAN KASIM	19,760,000	1.71
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	18,000,000	1.56
12.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PBCL- 0G0316)	16,500,000	1.43
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: EMPLOYYES PROVIDENT FUND BOARD (CIMB PRIN)	15,994,300	1.38
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM FEI NEE (8117227)	15,864,400	1.37
15.	UTARASAMA MARINE SDN. BHD.	15,126,667	1.31
16.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PBCL-0G0317)	13,370,000	1.16
17.	KAMARUDIN BIN MERANUN	13,200,000	1.14
18.	HSBC NOMINEES (ASING) SDN. BHD. BENEFICIARY: HSBC-FS FOR LEGG MASON WESTERN ASSET SOUTHEAST ASIA SPECIAL SITUATIONS TRUST (201061)	12,200,000	1.06
19.	LIM FEI NEE	11,627,100	1.01
20.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	11,200,000	0.97
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD. (8093424)	10,879,600	0.94
22.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENFICIARY: CIMB BANK FOR BATU BARA RESOURCES CORPORATION SDN. BHD. (MP0184)	10,000,000	0.87
23.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR BRAHMAL A/L VASUDEVAN (PBCL-0G0115)	10,000,000	0.87

ANALYSIS OF SHAREHOLDINGS
AS AT 31MARCH 2017

No.	Name of Shareholders	Shares held	%
24.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	9,840,500	0.85
25.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	9,724,000	0.84
26.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	8,300,900	0.72
27.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	8,247,800	0.71
28.	NG CHAI GO	7,939,500	0.69
29.	HONG LEONG ASSURANCE BERHAD BENEFICIARY: AS BENEFICIAL OWNER (UNITLINKED GF)	7,850,000	0.68
30.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	7,056,300	0.61

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Function Room 2, Level 1, TPC Kuala Lumpur (TPCKL), 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 30 May 2017, at 03.00 p.m for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect the following directors who shall retire pursuant to Article 86 of the Company's Articles of Association :

   i) Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid (Ordinary Resolution 1)
   ii) Abdul Rahman bin Mohamed Rejab (Ordinary Resolution 2)

3. To approve the payment of Directors' fees and other benefits payable of up to RM500,000.00 to the directors of the Company for the financial year ending 31 December 2017. (Ordinary Resolution 3)

4. To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 4)

   As Special Business:
   To consider and, if thought fit, to pass the following resolutions:

5. **Authority to Allot Shares Pursuant to Section 75 of the Companies Act, 2016** (Ordinary Resolution 5)

   THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental / regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 75 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

6. To transact any other business of the Company for which due notice shall have been given.

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries
Kuala Lumpur
Date: 28 April 2017

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Registrar's office at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjourned meeting, as the case may be.

6. For the purpose of determining a member who shall be entitled to attend the Thirteenth (13th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 May 2017. Only members whose name appears on the Record of Depositors as at 23 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes

1. Audited Financial Statements for the Financial Year Ended 31 December 2016

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 5: Authority to Allot Shares Pursuant to Section 75 of the Companies Act, 2016

The Proposed Ordinary Resolution 5, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Twelfth (12th) Annual General Meeting held on 30 May 2016 and which will lapse at the conclusion of the Thirteenth (13th) Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Thirteenth (13th) Annual General Meeting of the Company are:

i) Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid; and
ii) Abdul Rahman bin Mohamed Rejab

The profile of the Directors standing for re-election under the Company's Articles of Association are set out on pages 18 to 24 of the Annual Report 2016. The shareholdings of the abovenamed Directors in the Company is disclosed on page 178 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Statement of Corporate Governance on page 48 of the Annual Report 2016.

The Thirteenth (13th) Annual General Meeting of the Company will be held at Function Room 2, Level 1, TPC Kuala Lumpur (TPCKL), 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 30 May 2017, at 03.00 p.m.

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 ____________________

NRIC No. / Passport No. ____________________

of ____________________

or failing him/ her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Thirteenth (13th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") to be held at Function Room 2, Level 1, TPC Kuala Lumpur (TPCKL), 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 30 May 2017, at 03.00 p.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid as Director.		
2.	To re-elect Abdul Rahman bin Mohamed Rejab as Director.		
3.	To approve the payment of Directors' fees and other benefits payable for the financial year ending 31 December 2017.		
4.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
5.	**As Special Business :** To approve the authority to allot shares pursuant to Section 75 of the Companies Act, 2016.		

(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 ____________________, 2017.

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.
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 Thirteenth (13th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 May 2017. Only members whose name appears on the Record of Depositors as at 23 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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AFFIX
STAMP

THE REGISTAR OF
DESTINI BERHAD (633265-K)
Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

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www.destinigroup.com

DESTINI BERHAD (633265-K)

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40150 Shah Alam, Selangor Darul Ehsan Malaysia

Tel : +603 5567 0333 Fax : +603 5569 1233 Email : info@destinigroup.com