


SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE FOURTH QUARTER ENDED 31 DEC 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-19 RM ' 000	31-Dec-18 RM ' 000	31-Dec-19 RM ' 000	31-Dec-18 RM ' 000
1. Revenue	76,663	102,770	297,157	401,116
2. Profit/(Loss) before tax	(239,186)	9,816	(236,019)	10,193
3. Net Profit/(Loss) for the financial period	(238,652)	2,156	(236,131)	2,266
4. Profit/(Loss) after tax and non-controlling interest	(237,264)	1,563	(235,440)	1,807
5. Basic earnings per share (Sen)	(20.53)	0.14	(20.38)	0.16
6. Net dividend per share (Sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (RM)	0.2398	0.4389

DESTINI BERHAD ([Registration No. 200301030845 (633265-K)])



ADDITIONAL INFORMATION

FOR THE FOURTH QUARTER ENDED 31 DEC 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-19 RM ' 000	31-Dec-18 RM ' 000	31-Dec-19 RM ' 000	31-Dec-18 RM ' 000
1. Profit/(Loss) from operations	(78,085)	10,271	(73,542)	16,028
2. Gross interest income	319	2,408	319	2,545
3. Gross interest expense	(15,929)	(326)	(17,305)	(5,335)



QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DEC 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31-Dec-19 (Unaudited) RM'000	As at 31-Dec-18 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	104,019	108,088
Land use rights	1,634	1,634
Intangible Assets	112,032	204,723
Investment in quoted share	76	1,137
Investment in jointly control entity	185	185
Other Receivable	-	12,910
Other investments	320	320
	<u>218,266</u>	<u>328,997</u>
CURRENT ASSETS		
Inventories	13,499	11,663
Contract assets	3,912	49,775
Trade receivables	226,648	264,077
Other receivables and deposits	76,987	77,057
Amount due from joint venture	6,748	694
Tax recoverable	5,377	1,141
Deposit with licensed bank	33,326	32,130
Cash and bank balances	6,515	28,018
	<u>373,012</u>	<u>464,555</u>
TOTAL ASSETS	<u>591,278</u>	<u>793,552</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL		
	388,237	382,807
TRANSLATION RESERVE		
	12,439	12,358
RETAINED PROFITS		
	(123,581)	111,859
<i>Equity attributable to owners of the parent</i>	<u>277,095</u>	<u>507,024</u>
NON-CONTROLLING INTEREST		
	(1,144)	(453)
<i>Total Equity</i>	<u>275,951</u>	<u>506,571</u>
LONG TERM LIABILITIES		
Preferences shares	-	1,347
Deferred taxation	5,474	5,480
Hire purchase payables	1,797	1,527
Bank borrowings	98,681	115,611
Retirement benefits	-	-
	<u>105,952</u>	<u>123,965</u>
CURRENT LIABILITIES		
Contract liabilities	6,608	6,478
Trade payables	96,236	70,315
Other payables and accruals	57,045	40,439
Hire purchase payables	479	920
Bank borrowings	25,070	20,490
Tax Payable	23,937	24,374
	<u>209,375</u>	<u>163,016</u>
TOTAL EQUITY AND LIABILITIES	<u>591,278</u>	<u>793,552</u>
Net assets per share attributable to owners of the parent (RM)		
	0.2398	0.4389
Weighted average number of ordinary shares ('000 units)	1,155,367	1,155,230
Enlarged number of ordinary shares in issue ('000 units)	1,180,230	1,155,230

1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2018 and the accompanying explanatory notes to the quarterly report.



DESTINI BERHAD ([Registration No. 200301030845 (633265-K)])

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DEC 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Revenue	76,663	102,770	297,157	401,116
Cost of sale	(136,454)	(50,478)	(279,515)	(288,073)
Gross profit	(59,791)	52,292	17,642	113,043
Other income	2,539	4,674	4,671	6,193
Administrative expenses	(17,506)	(43,591)	(83,663)	(91,234)
Depreciation	(3,327)	(3,104)	(12,192)	(11,974)
Profit from operations	(78,085)	10,271	(73,542)	16,028
Finance cost	(15,929)	(326)	(17,305)	(5,335)
Impairment of goodwill and assets	(145,172)	-	(145,172)	-
Share of result of associates/JV	-	(129)	-	(500)
Profit/(Loss) before tax	(239,186)	9,816	(236,019)	10,193
Taxation	534	(7,660)	(112)	(7,927)
Net profit/(Loss) for the financial period	(238,652)	2,156	(236,131)	2,266
Other comprehensive income				
- Exchange Translation differences	363	(864)	81	1,215
Other comprehensive income for the financial period	363	(864)	81	1,215
Total comprehensive income for the financial period	(238,289)	1,292	(236,050)	3,481
Net Profit/(Loss) for the financial period attributable to:				
Owners of the parent	(237,264)	1,563	(235,440)	1,807
Non-controlling interests	(1,388)	593	(691)	459
	(238,652)	2,156	(236,131)	2,266
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the parent	(236,901)	699	(235,359)	3,022
Non-controlling interests	(1,388)	593	(691)	459
	(238,289)	1,292	(236,050)	3,481
Earnings per share attributable to owners of the parent:				
- basic (Sen)	(20.53)	0.14	(20.38)	0.16
Weighted average number of ordinary shares ('000 units)	1,155,774	1,155,230	1,155,367	1,155,230
Enlarged number of ordinary shares in issue ('000 units)	1,180,230	1,155,230	1,180,230	1,155,230

1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2018 and the accompanying explanatory notes to the quarterly report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DEC 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT END OF CURRENT PERIOD (Unaudited) 31-Dec-19 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-18 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(236,019)	9,735
Adjustments for:-		
Amortization of intangible	6,005	2,150
Amortization of land use right	-	39
Bad debts written off	-	109
Depreciation of property, plant and equipment	12,192	12,738
Fair value adjustment on investment in securities (quoted share)	532	657
Gain on disposal of a subsidiary	-	-
Gain on disposal of property, plant and equipment	-	(166)
Impairment loss on receivable	34,445	1,328
Impairment loss on other receivable	17,433	338
Impairment loss on goodwill and asset	93,295	-
Interest expense	17,305	3,331
Interest Income	(319)	(1,589)
Property plant and equip written off	-	31
Reversal of impairment of trade and other receivable	-	(19)
Share of (profit)/loss in investment in a associate company	-	612
Unrealized Foreign Exchange (Gain)/ Loss	-	(86)
	-	-
Operating profit before working capital changes	(55,131)	29,208
Inventories	(1,836)	1,350
Receivables	(18,565)	108,258
Payable	40,173	(17,314)
Contract assets/liabilities	42,994	(50,723)
Cash used in operations	7,635	70,779
Tax paid	(548)	(4,866)
Tax refund	-	2,403
Interest paid	(17,305)	(3,331)
Interest received	319	1,589
Net cash used in operating activities	(9,899)	66,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to associate and joint venture		451
Investment to associate and joint venture	-	(797)
Purchase of property, plant and equipment	(5,122)	(12,646)
Proceeds from disposal of property, plants and equipment	-	277
Proceeds from disposal quoted Shares	-	130
Additional of intangible assets	-	(1,099)
Net cash used in investing activities	(5,122)	(13,684)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	716
Repayment of term loan	(11,714)	(27,002)
Repayment of finance lease liabilities	(172)	(760)
Changes in LC or credit of TR	-	(15,623)
Proceeds private placement	5,430	-
Decreased/(Increased) in Fixed Deposit pledge to licensed banks	-	11,226
Net cash generated from financing activities	(6,456)	(31,443)
CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(21,477)	21,447
EFFECT OF EXCHANGE RATE FLUCTUATIONS	81	(2,767)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,582	10,902
CASH AND CASH EQUIVALENTS END OF PERIOD	8,186	29,582
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:		
Deposit with licensed bank	33,326	28,018
Cash and bank balances	6,515	32,130
Bank overdraft	-	(933)
	39,841	59,215
Deposit with licensed bank (pledge)	(29,633)	(29,633)
Cash at bank pledged with license bank	(2,022)	-
	8,186	29,582

1) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2018 and the accompanying explanatory notes to the quarterly report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH QUARTER ENDED 31 DEC 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM '000	Share Premium RM '000	ESOS Reserve RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
At 1 January 2018	382,807	-	-	12,156	113,186	508,149	(2,851)	505,298
Effect of adopting MFRS 9	-	-	-	-	(1,272)	(1,272)	-	(1,272)
At 1 January 2018 as restated	382,807	-	-	12,156	111,914	506,877	(2,851)	504,026
Net profit for the financial year	-	-	-	-	1,775	1,775	551	2,326
Exchanges translation differences for foreign operations	-	-	-	202	-	202	17	219
Total comprehensive income for the financial year	-	-	-	202	1,775	1,977	568	2,545
Transactions with owner:								
Acquisition of additional Interest from non-controlling interest	-	-	-	-	(1,830)	(1,830)	1,830	-
Total transaction with owners	-	-	-	-	(1,830.00)	(1,830)	1,830	-
At 31 December 2018 (Audited)	382,807	-	-	12,358	111,859	507,024	(453)	506,571

	Share Capital RM '000	Share Premium RM '000	ESOS Reserve RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
At 1 January 2019	382,807	-	-	12,358	111,859	507,024	(453)	506,571
Net profit for the financial year	-	-	-	-	(235,440)	(235,440)	(691)	(236,131)
Exchanges translation differences for foreign operations	-	-	-	81	-	81	-	81
Total comprehensive income for the financial year	-	-	-	81	(235,440)	(235,359)	(691)	(236,050)
Transactions with owner:								
Issue of ordinary shares: Private placement	5,430	-	-	-	-	5,430	-	5,430
Total transaction with owners	5,430	-	-	-	-	5,430	-	5,430
At 31 December 2018 (Unaudited)	388,237	-	-	12,439	(123,581)	277,095	(1,144)	275,951

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

A1. Significant Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018, which were prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

The financial statements of the Group has been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with MFRS, IFRS and the Companies Act, 2016 in Malaysia.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018 except for the adoption of the following with effect from 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 – 2017 Cycle:	
•	Amendments to MFRS 3
•	Amendments to MFRS 11
•	Amendments to MFRS 112
•	Amendments to MFRS 123
Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101	Definition of Material

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

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019**A2. Audit Report**

The annual financial statement of the Company for the year ended 31 December 2018 was reported on without qualification.

A3. Seasonal or cyclical factors

The principal business operations of the Group are not materially affected by seasonal or cyclical factors during the financial quarter.

A4. Items of unusual nature and amount

There is no item affecting the assets, liabilities, equity, net income or cash flows of the Group that is unusual because of its nature, size or incidence.

A5. Material changes in estimates

There is no material change in estimates of amounts reported that will have a material effect in the financial quarter.

A6. Issuance or Repayment of Debt or Equity Securities

There is no issuance or repayment of debt or equity securities, share buybacks, share cancellations, shares held as treasury shares or resale of treasury shares in the financial quarter.

The detail movement of the issued and paid up capital and share premium reserved for the company are as follows:

	No. of shares Issued and fully paid up ordinary shares of RM0.10 each	Share Capital	Total
	'000	RM'000	RM'000
As at 1 Jan 2019	1,155,230	382,807	382,807
Issue of ordinary shares:			
- Private placement	25,000	5,430	5,430
As at 31 Dec 2019	1,180,230	388,237	388,237

A7. Dividend Paid

No interim dividend has been paid or declared during the current quarter.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

A8. Segmental Analysis

a) Analysis of Segmental Revenue and Result

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	76,663	102,770	297,157	401,116
- Construction	-	-	-	-
Elimination of inter-segment				
Total	76,663	102,770	297,157	401,116
Segment result				
- Services and trading	(238,652)	2,156	(236,131)	2,266
- Construction	-	-	-	-
Profit after tax	(238,652)	2,156	(236,131)	2,266

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 31 Dec 2019			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	70,109	6,554	-	76,663
Inter segment	-	-	-	-
Total	70,109	6,554	-	76,663

	Preceding Quarter			
	3 months ended 31 Dec 2018			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	82,553	20,217	-	102,770
Inter segment	-	-	-	-
Total	82,553	20,217	-	102,770

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

	Cumulative Quarter			
	12 months ended 31 Dec 2019			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	216,035	81,122	-	297,157
Inter segment	-	-	-	-
Total	216,035	81,122	-	297,157

	Preceding Cumulative Quarter			
	12 months ended 31 Dec 2018			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	333,366	67,750	-	401,116
Inter segment	-	-	-	-
Total	333,366	67,750	-	401,116

	31 Dec 2019			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	443,414	147,864	-	591,278
Segment liabilities	272,731	42,581	-	315,312
Depreciation	9,538	2,654	-	12,192
	31 Dec 2018			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	618,418	112,134	-	793,552
Segment liabilities	252,104	34,877	-	286,981
Depreciation	11,147	827	-	11,974

A9. Valuation of property, plant and equipment

There was no valuation of property plant and equipment for the financial quarter.

A10. Significant Events As At the Financial Period

During the financial period, the following significant events took place for the Company and its subsidiaries:

1. Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini, Bhd on 4 January 2019, received a letter of extension dated 28 December 2018 from the Ministry of Home Affairs to provide maintenance, repair and overhaul services, technical assistance and supply of spares related to safety and survival equipment, ground support and mechanical equipment, electronic equipment, airborne multi sensor system and flight operations equipment for the Pasukan Gerakan Udara, Royal Malaysia Police for a further period of three (3) years from

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

30 November 2018 and expiring on 29 November 2021. The contract ceiling remains at RM10.0 million.

2. Destini Oil Services Sdn Bhd, a wholly-owned subsidiary of Destini, had on 14 January 2019 received a letter of award for the provision of tubular running services for exploration & appraisal and infill drilling campaign for Block B-17 & C-19 and Block B-17-01 located at the lower part of Gulf of Thailand near the South China Sea for Carigali-PTTEPI Operating Company Sdn Bhd.
3. On 13 Mar 2019 Destini Berhad announced that, Destini Oil Services Sdn Bhd, a wholly-owned subsidiary of Destini, had on 4 December 2018 received a letter of award for the provision for tubular handling, conductor installation and slot recovery equipment and services for PAC Operators' Drilling Program for Sarawak Shell Berhad.
4. Destini Rail Sdn Bhd, a wholly-owned subsidiary of the Company, had on 19 April 2019 incorporated a new wholly-owned subsidiary, DLP Rail Sdn Bhd. As a result, DLP Rail has become an indirect wholly-owned subsidiary of Destini.

Destini Rail Sdn. Bhd. had on 2 May 2019 entered into a Joint Venture and Shareholders Agreement with Lion Pacific Sdn. Bhd., and SVPR Consulting Services Sdn. Bhd. in respect of DLP Rail Sdn. Bhd.

The purpose of the Proposed Joint Venture is to formalise a collaboration between the Shareholders and to draw upon the skills, expertise, experience and capabilities of each other for the benefit of the JV Company, in undertaking the business of rail related projects in Malaysia and the region which, among others, include engineering solutions and services, civil works, rolling stock, system and track works, asset management and maintenance services for rail projects.

5. Destini Avia Technique Sdn Bhd, a 50:50 joint venture company between Destini and Avia Technique Ltd from the United Kingdom, had on 23 April 2019, entered into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd, to supply, test, repair and/or carry out overhaul activities on the Vendor's aircraft safety equipment.
6. Destini Oil Services Sdn Bhd, a wholly-owned subsidiary of Destini, had on 26 June 2019 received a letter of award from Petrofac (Malaysia-PM304) Limited for the provision of tubular handling equipment and running services.
7. Destini Oil Services Sdn Bhd a wholly-owned subsidiary of Destini, had on 20 September 2019 received a Letter of Award from PETRONAS Carigali Sdn Bhd for the Pan Malaysia Umbrella Contract for the Provision of Integrated Well Services for Intervention, Workover & Abandonment for Petroleum Arrangement Contractors (PACs).
8. Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini, had on 2 December 2019, received a letter of award from Ministry of Defence Malaysia for the extension of the existing contract to provide maintenance, repair and overhaul services and the supply of safety and survival equipment to the Royal Malaysian Air Force. The Letter of Award was accepted by Destini Prima Sdn Bhd on 3 December 2019.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019**A11. Changes in Composition of the Group**

There are no changes in composition of the Group for the quarter under review.

A12. Significant Events Subsequent To the Financial Quarter

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

1. Destini Armada Pte Ltd (DAPL) , a wholly-owned subsidiary of Destini had on 18 February 2020, entered into a conditional share sale agreement with PT Berkah Sadaya Adikarya for the acquisition of 4,999 ordinary shares in PT Muara Badak Perkasa (PT MBP), representing approximately 99.9% equity interest in PT MBP for a purchase consideration of SGD4,000,000 to be satisfied entirely via the issuance and allotment of 4,900,000 new DAPL Shares at an issue price of approximately SGD0.8163 per DAPL Share

In conjunction with the Proposed Acquisition, the Board proposes to undertake a diversification of the business activities of Destini and its subsidiaries to include the provision of jetty and/or port operations related services to mining companies.

Upon completion of the Proposed Acquisition, PT Berkah Sadaya Adikarya will emerge as the largest shareholder of DAPL, with a 55.0% equity interest in DAPL. Simultaneously, the equity interest of Destini in DAPL will be diluted from 100.0% to 45.0%.

A13. Contingent Liabilities or Assets

Except as disclosed below, there were no material contingent liabilities or assets during the financial quarter.

Banker's guarantees in favour of the local authorities for the purpose of development projects
- Secured

Year to Date 31-Dec-19 RM '000	Year to Date 31-Dec-18 RM '000
29,493	29,493

A14. Capital Commitments

Approved and contracted for :

Year to Date 31-Dec-19 RM '000	Year to Date 31-Dec-18 RM '000
-	-

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter ended 31 December 2019.

Part B: Explanatory Notes Pursuant to Appendix 9B of The Listing Requirements Of The Bursa Malaysia Securities Berhad.

B1. Review of Performance

For the financial period ended 31 Dec 2019, the Group's revenue decreased by 26% to RM297.16 million from RM401.12 million in the preceding year corresponding period. The main contributor to the decrease in revenue was due to reduced billings in the aviation services and the completion and delivery of several vessels in the marine manufacturing sectors. This was further exacerbated by the fact that marine manufacturing was not able to replenish its order book during the year under review.

Destini recorded a loss after tax and non-controlling interests of RM235.44 million as compared to RM1.81 million profit after tax and non-controlling interests reported in the preceding year's corresponding period. The Group has taken prudent measures in making provision and impairment on its assets and goodwill during the year under review which attributed to a loss of RM145.17 million. In addition, lower revenue from both aviation and marine MRO sectors and escalation in the costs of manufacturing services due to extension of project delivery have also contributed to the Group's overall loss.

The Group also incurred higher operational and administration expenses due to delay in execution and completion of projects. Among these, was the RM14.88 million additional interest incurred due to the impending decision on the continuity of the MD530G helicopter project. However, the Malaysian Government had on January 15, 2020 given approval for the Group to continue executing the remaining contract obligations with the MD530G program.

B2. Review of Current Quarter against Preceding Quarter

The Group registered a revenue of RM76.67 million for the current quarter under review which represents a 16% decrease compared to a revenue of RM90.93million in the preceding quarter.

The Group has decided to do a reconciliation of its account in the fourth quarter of 2019. This has resulted in the Group making a provision and impairment of RM145.17 million on its assets and goodwill in the fourth quarter. In addition, the Group also recognised lower billings for aviation services, an escalation in costs due to delays in certain projects in the marine manufacturing sector and higher interest expense of RM14.88 million due to impending decision on the continuity of the MD530G helicopter project. This has resulted in a loss after tax and non-controlling interests of RM235.44 million for the current quarter under review as compared to profit after tax and non-controlling interests of RM0.70 million in the preceding quarter.

B3. Commentary on Prospects for the Next Financial Quarter

The directors expect the Group's operating environment to remain challenging and competitive. Barring unforeseen circumstances, the Board foresees the Group's operational results for the financial year 2020 to be satisfactory.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

B4. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast nor profit guarantee for the current financial period.

B5. Taxation

Individual Quarter		Cumulative Quarter	
Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
31-Dec-19 RM '000	31-Dec-18 RM '000	31-Dec-19 RM '000	31-Dec-18 RM '000
Current taxation	534	(7,660)	(112)
			(7,927)

B6. Corporate Proposals

The following are corporate proposals announced but not yet completed as at the date of this quarterly report.

1. The Company proposes to undertake a private placement of up to 231,046,059 new ordinary shares in Destini, representing up to 20% of the total number of issued shares in Destini to third party investor(s) to be identified at a later date and at an issue price to be determined later. The proposal was approved by Bursa Securities had vide its letter dated 10 October 2019 and the shareholders in Extraordinary General Meeting held on 11 November 2019.
2. 1st tranche of the Proposed Private Placement comprising 25,000,000 Placement Shares at RM0.2172 per Placement Share ("**Issue Price**"). The Issue Price represents the 5-day volume weighted average market price of Destini Shares up to and including 13 December 2019, being the last market day immediately preceding the Price-fixing Date, of RM0.2172 per Destini Share. The shares were listed on 30 Dec 2019. The status of the utilisation of proceeds from the 1st tranche of RM5.43 million is as follows:

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

Utilisation purposes	Proposed utilisation	Actual utilisation	Intended timeframe for the utilisation	Deviation over spent	
	RM	RM		RM	%
Repayment of bank borrowings	21,000,000	5,150,000	Within 2 months	-	-
Working capital:					
- Existing project	22,000,000	-	Within 6 months	-	-
- New projects	5,000,000	-	Within 24 months	-	-
- General requirements	3,474,317	-	Within 24 months	-	-
Estimated expenses in relation to the Proposed Private Placement	280,000	280,000	Within 1 month	-	-
Total	51,754,317	5,430,000		-	-

3. 2nd tranche of the Proposed Private Placement comprising 50,000,000 Placement Shares at RM0.1960 per Placement Share ("**Issue Price**"). The Issue Price represents the 5-day volume weighted average market price of Destini Shares up to and including 4 February 2020, being the last market day immediately preceding the Price-fixing Date, of RM0.1960 per Destini Share. The shares were listed on 13 Feb 2020.

B7. Group Borrowings and Debt Securities

Group borrowings were as follows:

B7.1 Short Term Borrowings

<u>Secured</u>	31-Dec-19 RM '000	31-Dec-18 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	243	611
Bank Borrowing	8,476	8,083
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase Payables	236	309
Overdraft	298	326
Bank Borrowing	14,071	10,023
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	2,225	2,107
Total	25,549	21,410

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

B7.2 Long Term Borrowings

<u>Secured</u>	31-Dec-19 RM '000	31-Dec-18 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	740	622
Term Loan	98,601	110,921
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase Payables	1,057	905
Bank Borrowing	80	4,690
Total	100,478	117,138

B8. Material Litigation

As at the date of this announcement, the Group is not engaged in any outstanding material litigation, which has a material effect on the financial position or the business of the Group and the Board.

B9. Dividends

The Board has not recommended any dividend for the financial quarter.

B10. Notes to the Statement of Comprehensive Income

	Year to date 31-Dec-19 RM '000	Year to date 31-Dec-18 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	12,192	11,974
Interest expense	17,305	5,335
Fair value adjustment on investment in securities	532	657

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2019

B11. Earnings Per Share

The basic earnings per share for the quarter and year to date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Attributable to owners of parent (RM'000)	(237,264)	1,563	(235,440)	1,807
Weighted average number of ordinary shares ('000) in issue	1,155,774	1,155,230	1,155,367	1,155,230
Basic earnings per share (Sen)	(20.53)	0.14	(20.38)	0.16

B12. Disclosure of realised and unrealised profit

	Year to Date 31-Dec-19 RM'000	Year to Date 31-Dec-18 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(78,888)	64,539
Less : consolidation adjustments	(44,693)	47,320
Total retained profits	(123,581)	111,859

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
President and Group Chief Executive Officer