


**SUMMARY OF KEY FINANCIAL INFORMATION**
**FOR THE FIRST QUARTER ENDED 31 MAR 2022**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Mar-22 RM ' 000	31-Mar-21 RM ' 000	31-Mar-22 RM ' 000	31-Mar-21 RM ' 000
1. Revenue	26,072	86,542	26,072	86,542
2. Profit/(Loss) before tax	438	1,502	438	1,502
3. Net Profit/(Loss) for the financial period	438	1,387	438	1,387
4. Profit/(Loss) after tax and non-controlling interest	556	1,118	556	1,118
5. Basic earnings per share (Sen)	0.03	0.07	0.03	0.07
6. Net dividend per share ( Sen )	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (RM)	0.0972	0.1027

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



**ADDITIONAL INFORMATION**

FOR THE FIRST QUARTER ENDED 31 MAR 2022

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Mar-22 RM ' 000	31-Mar-21 RM ' 000	31-Mar-22 RM ' 000	31-Mar-21 RM ' 000
1. Profit/(Loss) from operations	818	1,961	818	1,961
2. Gross interest income	3	2	3	2
3. Gross interest expense	(380)	(459)	(380)	(459)



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MAR 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31-Mar-22 (Unaudited) RM'000	As at 31-Dec-21 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	41,539	43,162
Right of use assets	20,625	20,625
Intangible Assets	71,715	71,200
Investment in quoted share	180	180
Other Receivable	-	-
Other investments	320	320
	<u>134,379</u>	<u>135,487</u>
<b>CURRENT ASSETS</b>		
Inventories	12,883	12,099
Contract assets	105,031	97,298
Trade receivables	70,187	66,170
Other receivables and deposits	85,049	74,581
Amount due from associated company	6,248	6,247
Amount due from joint venture	500	500
Tax recoverable	3,899	3,634
Deposit with licensed bank	14,354	20,578
Cash and bank balances	12,902	29,832
	<u>311,053</u>	<u>310,939</u>
<b>TOTAL ASSETS</b>	<u><b>445,432</b></u>	<u><b>446,426</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL</b>	479,829	479,829
<b>TRANSLATION RESERVE</b>	5,083	4,990
<b>RETAINED PROFITS</b>	(323,161)	(323,717)
<i>Equity attributable to owners of the parent</i>	<u>161,751</u>	<u>161,102</u>
<b>NON-CONTROLLING INTEREST</b>	(2,214)	(2,096)
<i>Total Equity</i>	<u>159,537</u>	<u>159,006</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	1,437	1,224
Bank borrowings	10,604	13,589
Long term creditor	740	740
	<u>12,781</u>	<u>15,553</u>
<b>CURRENT LIABILITIES</b>		
Contract liabilities	19,206	19,206
Trade payables	79,968	77,116
Other payables and accruals	56,242	56,207
Lease liabilities	1,207	1,240
Bank borrowings	88,712	90,567
Redeemable preference shares	1,532	1,532
Tax Payable	26,247	25,999
	<u>273,114</u>	<u>271,867</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>445,432</b></u>	<u><b>446,426</b></u>
<b>Net assets per share attributable to owners of the parent ( RM )</b>	<b>0.0972</b>	<b>0.1027</b>
Weighted average number of ordinary shares ('000 units)	1,663,531	1,568,576
Enlarged number of ordinary shares in issue ('000 units)	1,663,531	1,663,531

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 2021 and the accompanying explanatory notes to the quarterly report.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MAR 2022

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-Mar-22 RM'000	31-Mar-21 RM'000	31-Mar-22 RM'000	31-Mar-21 RM'000
Revenue	26,072	86,542	26,072	86,542
Cost of sale	(11,970)	(68,725)	(11,970)	(68,725)
<b>Gross profit</b>	<b>14,102</b>	<b>17,817</b>	<b>14,102</b>	<b>17,817</b>
Other income	631	868	631	868
Administrative expenses	(12,292)	(15,094)	(12,292)	(15,094)
Depreciation	(1,623)	(1,630)	(1,623)	(1,630)
Profit from operations	818	1,961	818	1,961
Finance cost	(380)	(459)	(380)	(459)
Profit/(Loss) before tax	<b>438</b>	<b>1,502</b>	<b>438</b>	<b>1,502</b>
Taxation	-	(115)	-	(115)
<b>Net profit/(Loss) for the financial period</b>	<b>438</b>	<b>1,387</b>	<b>438</b>	<b>1,387</b>
<b>Other comprehensive income</b>				
- Exchange Translation differences	93	(35)	93	(35)
<b>Other comprehensive income for the financial period</b>	<b>93</b>	<b>(35)</b>	<b>93</b>	<b>(35)</b>
<b>Total comprehensive income for the financial period</b>	<b>531</b>	<b>1,352</b>	<b>531</b>	<b>1,352</b>
<b>Net Profit/(Loss) for the financial period attributable to:</b>				
Owners of the parent	556	1,118	556	1,118
Non-controlling interests	(118)	269	(118)	269
	<b>438</b>	<b>1,387</b>	<b>438</b>	<b>1,387</b>
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>				
Owners of the parent	649	1,083	649	1,083
Non-controlling interests	(118)	269	(118)	269
	<b>531</b>	<b>1,352</b>	<b>531</b>	<b>1,352</b>
<b>Earnings per share attributable to owners of the parent:</b>				
- basic (Sen)	0.03	0.07	0.03	0.07
Weighted average number of ordinary shares ('000 units)	1,663,531	1,525,276	1,663,531	1,525,276
Enlarged number of ordinary shares in issue ('000 units)	1,663,531	1,525,276	1,663,531	1,525,276

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 2019 and the accompanying explanatory notes to the quarterly report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MAR 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	AS AT END OF CURRENT PERIOD (Unaudited) 31-Mar-22 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-21 RM' 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	438	5,265
Adjustments for:-		
Amortization of intangible	-	1,059
Depreciation of property, plant and equipment	1,623	7,771
Depreciation of right-of-use assets	-	4,352
Derecognition arising from termination of lease agreement	-	(279)
Loss/(Gain) on disposal of property, plant & Equipment	-	(107)
Loss/(Gain) on disposal of investment in securities	-	607
Loss/(Gain) on disposal of a subsidiary	-	(14,786)
Impairment loss on trade receivable	-	1,718
Impairment loss on other receivable	-	425
Interest expense	380	5,267
Interest Income	-	(437)
Modification to lease agreement	-	178
Property, plant and equipment written off	-	102
Reversal of impairment of trade receivable	-	(564)
Reversal of impairment of Other receivable	-	(40)
Reversal of impairment of Intangible assets	-	(177)
Operating profit before working capital changes	2,441	10,354
Inventories	(785)	465
Receivables	(8,855)	(7,810)
Payable	(698)	(49,204)
Contract assets/liabilities	(7,733)	37,941
Cash used in operations	(15,630)	(8,254)
Tax paid	(249)	(2,680)
Tax refund	-	-
Net cash used in operating activities	(15,879)	(10,934)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	-	437
Investment in securities	-	(1,876)
Increase in deposit pledged to licensed banks	(6,224)	(1,641)
Proceeds from disposal of property, plants and equipment	-	107
Proceeds from disposal of subsidiaries	-	4,250
Proceeds from disposal of investment in securities	-	4,526
Purchase of property, plant and equipment	(2,499)	(2,169)
Purchase of right-of-use-assets	-	(58)
Additional of intangible assets	-	(100)
Net cash used in investing activities	(8,723)	3,476
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(380)	(5,268)
Repayment of term loan	-	(1,414)
Repayment of finance lease liabilities	179	(4,553)
Proceeds from private placement	-	25,854
Net cash generated from financing activities	(201)	14,619
<b>NET INCREASE/(DECREASE) IN CASH AND</b>		
<b>CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	(24,803)	7,161
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS</b>	93	2,445
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	30,364	20,758
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	5,654	30,364
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:</b>		
Cash and bank balances	12,902	29,832
Fixed deposits with licensed bank	14,354	20,578
Bank overdraft	-	(1,468)
	<u>27,256</u>	<u>48,942</u>
Deposits with licensed bank (pledge)	(14,354)	(18,578)
Cash at bank pledged with license bank	(7,248)	-
	<u>5,654</u>	<u>30,364</u>

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 2020 and the accompanying explanatory notes to the quarterly report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MAR 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
<b>At 1 January 2021</b>	453,975	5,200	(326,726)	132,449	(1,752)	130,697
Net profit for the financial year	-	-	3,009	3,009	(544)	2,465
Deconsolidation of subsidiaries	-	(125)	-	(125)	(77)	(202)
Exchanges translation differences for foreign operations	-	(85)	-	(85)	(23)	(108)
Total comprehensive income for the financial year	-	(210)	3,009	2,799	(644)	2,155
<b>Transactions with owner:</b>						
Private shares placement	25,854	-	-	25,854	-	25,854
Issuance of share by subsidiaries to non-controlling interest:	-	-	-	-	300	300
	25,854	-	-	25,854	300	26,154
<b>At 31 December 21 (Audited)</b>	<b>479,829</b>	<b>4,990</b>	<b>(323,717)</b>	<b>161,102</b>	<b>(2,096)</b>	<b>159,006</b>

	Share Capital RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
<b>At 1 January 2022</b>	479,829	4,990	(323,717)	161,102	(2,096)	159,006
Net profit for the financial year	-	-	556	556	(118)	438
Deconsolidation of subsidiaries	-	-	-	-	-	-
Exchanges translation differences for foreign operations	-	93	-	93	-	93
Total comprehensive income for the financial year	-	93	556	649	(118)	531
<b>Transactions with owner:</b>						
Private shares placement	-	-	-	-	-	-
Issuance of share by subsidiaries to non-controlling interest:	-	-	-	-	-	-
	-	-	-	-	-	-
<b>At 31 March 22 (Unaudited)</b>	<b>479,829</b>	<b>5,083</b>	<b>(323,161)</b>	<b>161,751</b>	<b>(2,214)</b>	<b>159,537</b>

**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 2021, 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 2021.

The financial statements of the Group have 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 2021 except for the adoption of the following with effect from 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Frameworks
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate, Benchmark Reform – Phase 2
MFRS 4, and MFRS 16	
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 10	Accounting Policies, Changes in Accounting Estimates and Errors

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

**A2. Audit Report**

The annual financial statement of the Company for the year ended 31 December 2021 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**

The COVID-19 pandemic has severely impacted global economies and the business of Destini Group. Apart from the unprecedented Covid-19 pandemic as discussed in Note B3, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

## Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Mar 2022

**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 2022	1,663,531	479,828	479,828
Issue of ordinary shares:			
- Private placement	-	-	-
As at 31 Mar 2022	1,663,531	479,828	479,828

**A7. Dividend Paid**

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

**A8. Segmental Analysis**

a) Analysis of Segmental Revenue and Result

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 Mar 22	31 Mar 21	31 Mar 22	31 Mar 21
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	26,072	86,542	26,072	86,542
- Construction				
Elimination of inter-segment	-	-	-	-
Total	26,072	86,542	26,072	86,542
Segment result				
- Services and trading	556	1,118	556	1,118
- Construction	-	-	-	-
Profit/(loss) after tax and NCI	556	1,118	556	1,118

**Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Mar 2022**

## b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 31 Mar 2022			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	15,250	10,822	-	26,072
Inter segment	-	-	-	-
Total	15,250	10,822	-	26,072

	Preceding Quarter			
	3 months ended 31 Mar 2021			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	69,607	16,935	-	86,542
Inter segment	-	-	-	-
Total	69,607	16,935	-	86,542

	Cumulative Quarter			
	3 months ended 31 Mar 2022			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	15,250	10,822	-	26,072
Inter segment	-	-	-	-
Total	15,250	10,822	-	26,072

	Preceding Cumulative Quarter			
	3 months ended 31 Mar 2021			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	69,607	16,935	-	86,542
Inter segment	-	-	-	-
Total	69,607	16,935	-	86,542

	31 Mar 2022			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	340,594	104,838	-	445,432
Segment liabilities	155,634	130,262	-	285,895
Depreciation	1,208	415	-	1,623
	31 Mar 2021			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	337,175	138,729	-	475,904
Segment liabilities	268,898	74,957	-	343,855
Depreciation	1,286	344	-	1,630

**A9. Valuation of property, plant and equipment**

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

**A10. Significant Events during the Financial Quarter**

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

1. Destini Prima Sdn Bhd (“DPSB”), a wholly-owned subsidiary of Destini, had on 20 January 2022, received 2 letter of awards from Ministry of Defence Malaysia.

First letter of award is 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 (“Contract 1”). The Contract 1 ceiling is estimated at RM88.0 million.

Second letter of award is to provide maintenance, repair and overhaul services and supply of component and spare parts for safety and survival equipment to the Malaysian Army Aviation (“Contract 2”). The value of Contract 2 is approximately RM0.99 million.

Both the Letter of Award 1 and Letter of Award 2 were accepted by DPSB on 20 January 2022.

2. Destini Oil Services Sdn Bhd, a wholly-owned subsidiary of Destini, had on 24 February 2022 accepted a contract award for the provision of tubular handing services for EnQuest Petroleum Production Malaysia Ltd (“**Contract**”). The Contract has no specific value as the contract is on a “call-out” basis whereby the work orders will be awarded at the discretion of EnQuest Petroleum Production Malaysia Ltd, based on the schedule and rates throughout the duration of the Contract.
3. On 24 March 2022, UOB Kay Hian Securities (M) Sdn Bhd announced that the Company intends to undertake a proposed diversification of the existing principal activities of the Company and its subsidiaries to include renewable energy business and related activities

**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 which took place for the Company and its subsidiaries:

1. M Rail Technics Sdn Bhd, a 70%-owned subsidiary of Destini, had on 23 May 2022 accepted a contract award worth RM531.39 million for the provision of Level 4 maintenance, repair and overhaul services of 35 Six Car Set Class 92 operated by Keretapi Tanah Melayu Berhad.

**A13. Contingent Liabilities or Assets**

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

	<b>Year to Date 31-Mar-22 RM '000</b>	<b>Year to Date 31-Mar-21 RM '000</b>
Performance guarantees in favour of the supplier and local authorities for the purpose of secured projects	14,354	17,709

**A14. Capital Commitments**

	<b>Year to Date 31-Mar-22 RM '000</b>	<b>Year to Date 31-Mar-21 RM '000</b>
Approved and contracted for:	-	-

**A15. Significant related party transactions**

There were no significant related party transactions incurred during the financial quarter ended 31 Mar 2022.

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

**B1. Review of Performance**

Destini registered a lower revenue of RM26.07 million for its financial period ended 31 March 2022, a 70% reduction from RM86.54 million in the preceding year corresponding period.

The decrease in revenue was due to lower business activity in all of the Group's business segments. As a result of lower revenue, the Group reported PATNCI of RM0.56 million, a reduction of 50% from RM1.12 million in the preceding year.

**B2. Review of Current Quarter against Preceding Quarter**

The Group registered a 21% decrease in revenue to RM26.07 million for the current quarter under review from a revenue of RM35.41 million in the preceding quarter. The Group's PATNCI stood at RM0.56 million for the current quarter under review as compared to RM0.68 million in the preceding quarter due to lower revenue recognised. The decrease in revenue and profit is from lower business activities across the Group.

**B3. Commentary on Prospects for the Next Financial Quarter**

The Group's operational landscape for the year 2022 holds many uncertainties despite the many measures that are set out to ensure business continuity. Foreseeing this, the Group plans to continuously strengthen its four core businesses which are aviation & defence, energy, rail and marine. The Group's four core businesses are an essential service to the country, which should bode well as the country economy recovers.

Moving forward, the Group has taken prudent measure to ensure its financial and operational sustainability. Despite remaining cautious with the current operational landscape, Destini is optimistic that its business segments, namely rail and energy, will contribute positively to the Group in the current year.

**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-Mar-22 RM '000	31-Mar-21 RM '000	31-Mar-22 RM '000	31-Mar-21 RM '000

Current taxation	-	(115)	-	(115)
------------------	---	-------	---	-------

**B6. Corporate Proposals**

There were no corporate proposals announced but not yet completed as at the date of this quarterly report.

**B7. Group Borrowings and Debt Securities**

Group borrowings are as follows:-

**B7.1 Short Term Borrowings**Secured

31-Mar-22 RM '000	31-Dec-21 RM '000
----------------------	----------------------

*Denominated in Ringgit Malaysia:*

Hire Purchase and Lease Payables	1,512	1,944
Bank Borrowing	81,271	81,994

*Denominated in Singapore Dollar (SGD):*

Hire Purchase and Lease Payables	1,268	1,389
Overdraft	297	285
Bank Borrowing	2,065	1,970

*Denominated in Chinese Renminbi (CNY):*

Term Loans	3,018	4,275
------------	-------	-------

<b>TOTAL</b>	<b>89,919</b>	<b>91,807</b>
--------------	---------------	---------------

**B7.2 Long Term Borrowings**

<u>Secured</u>	<b>31-Mar-22 RM '000</b>	<b>31-Dec-21 RM '000</b>
<i>Denominated in Ringgit Malaysia</i>		
Hire Purchase and Lease Payables	1,575	2,666
Term Loan	8,379	8,779
<i>Denominated in Singapore Dollar (SGD)</i>		
Hire Purchase and Lease Payables	854	1,454
Bank Borrowing	1,233	1,914
<b>Total</b>	<b>12,041</b>	<b>14,813</b>

**B8. Material Litigation**

As at the date of this announcement, the following litigations took place for the Company and its subsidiaries:

1. Destini Shipbuilding and Engineering Sdn Bhd (“DSBE”) had been served with a Writ of Summons and Statement of Claim wherein a Summary Judgment has been granted in favor of LHDN, details of which are as follows:

- i) **Date of service of the Writ of Summons and Statement of Claim**

LHDN had filed a writ of summons and statement of claim on 18th September 2020 against DSBE (Suit No. BA-21NCVC-65-09/2020 : Outstanding Tax YA2016 amounting RM6,584,440.74 excluding interest and penalty (“**Suit 65**”).

On 2nd November 2020, Messrs Zairul Zain Syed (the Company’s solicitors) (“ZZS”) filed a memorandum of appearance for and on behalf of DSBE.

On 16th November 2020, ZZS filed a defence Suit 65. Thereafter, LHDN filed a Summary Judgment Application for Suit 65 on 7th December 2020. Summary Judgment for Suit 65 came up for hearing on 15th June 2021, wherein, the High Court granted the Summary Judgment application.

- ii) **Details of the default or circumstances leading to the filing of the Writ of Summons and the particulars of the claim under the Writ of Summons, including the amount claimed for and the interest rate**

The circumstances leading to the filing of the Writ of Summons against DSBE was due to the fact the DSBE had allegedly failed to settle an outstanding tax assessment for year of assessment 2016. The outstanding tax for year Assessment 2016 amounts to RM6,584,440.74, plus 5% interest from date of judgment until full settlement.

- iii) **Confirmation as whether DSBE is a major subsidiary**

DSBE is not major subsidiary of the Company.

**iv) Cost of Investment in DSBE**

The Company do not have direct investment in DSBE. The Company's investment in shipbuilding activities is made through its wholly owned subsidiary, Destini Armada Sdn Bhd. ("DASB"). The Company has made full provisions on its total investment cost in DASB totaling RM77,799,998.00 as at 31 December 2020.

**v) The financial and operational impact of the Judgment on the Group**

There is no impact on the operation of Destini Group. This is in view that the Judgement sum of RM6,584,440.74 has been incorporated in the financial statements, and the financial impact from the Summary Judgment is the loss of investment in DSBE.

**vi) The expected loss, if any, arising from the Writ of Summons**

The Company is not expected to incur any further loss arising from the Writ of Summons.

**vii) Steps taken in respect of the Writ of Summons**

LHDN issued a settlement proposal letter dated 24.03.2022, wherein LHDN propose DSBE pay the judgment amount through 7 months of payment instalments commencing from April to October 2022.

**2. Destini Shipbuilding and Engineering Sdn Bhd ("DSBE") had been served with a statutory notice of demand under Section 466 Companies Act 2016, details of which are as follows:**

**i) Date of service of the Statutory Notice of Demand**

The notice was issued by Clamshell pursuant to a Summary Judgment dated 30 March 2021 obtained by Clamshell against DSBE in the amount of RM849,500 with RM3,000 costs awarded by the Court.

**ii) Details of the default or circumstances leading to the statutory notice of demand and the particulars of the claim under the statutory notice of demand, including the amount claimed for and the interest rate**

The Writ of Summons was filed by Clamshell on 12 August 2020. DSBE filed an application to stay the proceeding of the Clamshell's the Writ of Summons on 23 September 2020 on the ground that under the contract between DSBE and Clamshell any dispute shall be referred to arbitration under the Construction Industry Payment and Adjudication Act 2012. However, the Court did not accept this reason and DSBE lost the stay application on 17 December 2020 and the costs were awarded by the Court payable to Clamshell amounting to RM3,500. Clamshell filed a Summary Judgement application on 12 January 2021. The court awarded summary judgement in favour of Clamshell on 30 March 2021.

After failed settlement discussions, Clamshell issued a statutory notice of demand under Section 466 Companies Act 2016 on 3 May 2021 for a sum of RM910,138.08 (inclusive interest from the date of judgment until 3 May 2021).

**iii) Confirmation as whether DSBE is a major subsidiary**

DSBE is not major subsidiary of the Company.

**iv) Cost of Investment in DSBE**

The Company do not have direct investment in DSBE. The Company's investment in shipbuilding activities is made through its wholly owned subsidiary, Destini Armada Sdn Bhd ("DASB"). The Company has made full provisions on its total investment cost in DASB totalling RM77,799,998.00 as 31 December 2020.

**v) The financial and operational impact of the Judgment on the Group**

There is no impact on the operation of Destini Group. This is in view that the Judgment sum of RM910,138.08 has been incorporated in the financial statements.

**vi) The expected loss, if any, arising from the Writ of Summons**

The Company is not expected to incur any further loss arising from the Writ of Summons.

**vii) Steps taken in respect of the Writ of Summons**

Parties reached a settlement consensus wherein DSBE shall pay RM944,865.64 via instalments. To date, DSBE have paid RM900,000 and the remaining RM44,865.64 shall be paid on 13.06.2022.

**B9. Dividends**

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

**B10. Notes to the Statement of Comprehensive Income**

	<b>Year to date 31-Mar-22 RM '000</b>	<b>Year to date 31-Dec-21 RM '000</b>
<b>Profit for the period is arrived at after charging/(crediting):-</b>		
Depreciation of property, plant and equipment	1,623	7,771
Interest expense	380	5,267
Fair value adjustment on investment in securities	-	(607)

## Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Mar 2022

**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-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Attributable to owners of parent ( RM'000 )	<b>556</b>	<b>1,118</b>	<b>556</b>	<b>1,118</b>
Weighted average number of ordinary shares ('000) in issue	<b>1,663,531</b>	<b>1,525,276</b>	<b>1,663,531</b>	<b>1,525,276</b>
Basic earnings per share (Sen)	<b>0.03</b>	<b>0.07</b>	<b>0.03</b>	<b>0.07</b>

**B12. Disclosure of realised and unrealised profit**

	Year to Date 31-Mar -22 RM'000	Year to Date 31-Dec-21 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(340,095)	(321,329)
<u>Less: consolidation adjustments</u>	16,934	(2,388)
Total retained profits	<u>(323,161)</u>	<u>(323,717)</u>

**BY ORDER OF THE BOARD**

**DATO' ROZABIL ABDUL RAHMAN**  
Executive Chairman