


SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-22 RM ' 000	30-Jun-21 RM ' 000	30-Jun-22 RM ' 000	30-Jun-21 RM ' 000
1. Revenue	32,747	30,339	58,818	116,881
2. Profit/(Loss) before tax	(1,130)	2,974	(693)	4,476
3. Net Profit/(Loss) for the financial period	(1,130)	1,197	(693)	2,584
4. Profit/(Loss) after tax and non-controlling interest	(1,286)	1,160	(730)	2,278
5. Basic earnings per share (Sen)	(0.08)	0.08	(0.04)	0.15
6. Net dividend per share (Sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (RM)	0.0963	0.1027

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



ADDITIONAL INFORMATION

FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-22 RM ' 000	30-Jun-21 RM ' 000	30-Jun-22 RM ' 000	30-Jun-21 RM ' 000
1. Profit/(Loss) from operations	(913)	3,399	(95)	5,360
2. Gross interest income	38	2	41	2
3. Gross interest expense	(217)	(425)	(598)	(884)



QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30-Jun-22 (Unaudited) RM'000	As at 31-Dec-21 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	42,135	43,162
Right of use assets	18,118	20,625
Intangible Assets	76,545	71,200
Investment in quoted share	180	180
Other Receivable	-	-
Other investments	373	320
	<u>137,351</u>	<u>135,487</u>
CURRENT ASSETS		
Inventories	20,374	12,099
Contract assets	120,619	97,298
Trade receivables	73,596	66,170
Other receivables and deposits	76,622	74,581
Amount due from associated company	6,248	6,247
Amount due from joint venture	500	500
Tax recoverable	3,906	3,634
Deposit with licensed bank	14,354	20,578
Cash and bank balances	2,950	29,832
	<u>319,169</u>	<u>310,939</u>
TOTAL ASSETS	<u>456,520</u>	<u>446,426</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL	479,829	479,829
TRANSLATION RESERVE	4,877	4,990
RETAINED PROFITS	(324,447)	(323,717)
<i>Equity attributable to owners of the parent</i>	<u>160,259</u>	<u>161,102</u>
NON-CONTROLLING INTEREST	(2,058)	(2,096)
<i>Total Equity</i>	<u>158,201</u>	<u>159,006</u>
NON-CURRENT LIABILITIES		
Lease liabilities	1,748	1,224
Bank borrowings	11,909	13,589
Long term creditor	-	740
	<u>13,657</u>	<u>15,553</u>
CURRENT LIABILITIES		
Contract liabilities	19,206	19,206
Trade payables	87,631	77,116
Other payables and accruals	72,707	56,207
Lease liabilities	854	1,240
Bank borrowings	78,890	90,567
Redeemable preference shares	1,532	1,532
Tax Payable	23,842	25,999
	<u>284,662</u>	<u>271,867</u>
TOTAL EQUITY AND LIABILITIES	<u>456,520</u>	<u>446,426</u>
Net assets per share attributable to owners of the parent (RM)	0.0963	0.1027
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 SECOND QUARTER ENDED 30 JUNE 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
	30-Jun-22 RM'000	30-Jun-21 RM'000	30-Jun-22 RM'000	30-Jun-21 RM'000
Revenue	32,747	30,339	58,818	116,881
Cost of sale	(21,031)	(13,675)	(33,001)	(82,399)
Gross profit	11,716	16,664	25,817	34,482
Other income	94	958	725	1,826
Administrative expenses	(11,203)	(13,238)	(23,495)	(28,332)
Depreciation	(1,520)	(985)	(3,142)	(2,616)
Profit from operations	(913)	3,399	(95)	5,360
Finance cost	(217)	(425)	(598)	(884)
Profit/(Loss) before tax	(1,130)	2,974	(693)	4,476
Taxation	-	(1,777)	-	(1,892)
Net profit/(Loss) for the financial period	(1,130)	1,197	(693)	2,584
Other comprehensive income				
- Exchange Translation differences	(206)	(68)	(113)	(105)
Other comprehensive income for the financial period	(206)	(68)	(113)	(105)
Total comprehensive income for the financial period	(1,336)	1,129	(806)	2,479
Net Profit/(Loss) for the financial period attributable to:				
Owners of the parent	(1,286)	1,160	(730)	2,278
Non-controlling interests	156	37	38	306
	(1,130)	1,197	(693)	2,584
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the parent	(1,492)	1,092	(844)	2,173
Non-controlling interests	156	37	38	306
	(1,336)	1,129	(806)	2,479
Earnings per share attributable to owners of the parent:				
- basic (Sen)	(0.08)	0.08	(0.04)	0.15
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 SECOND QUARTER ENDED 30 JUNE 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT END OF CURRENT PERIOD (Unaudited) 30-Jun-22 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-21 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(693)	5,265
Adjustments for:-		
Amortization of intangible	-	1,059
Depreciation of property, plant and equipment	3,143	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	598	5,267
Interest Income	(41)	(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	3,007	10,354
Inventories	(8,275)	465
Receivables	(12,631)	(7,810)
Payable	14,041	(49,204)
Contract assets/liabilities	(25,438)	37,941
Cash used in operations	(29,296)	(8,254)
Tax paid	(2,156)	(2,680)
Tax refund	-	-
Net cash used in operating activities	(31,452)	(10,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	41	437
Investment in securities	-	(1,876)
Decreased/(Increase) in deposits pledged to licensed banks	6,225	(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	-	(2,169)
Purchase of right-of-use-assets	-	(58)
Additional of intangible assets	-	(100)
Net cash used in investing activities	6,266	3,476
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(598)	(5,268)
Repayment of term loan	-	(1,414)
Repayment of finance lease liabilities	137	(4,553)
Proceeds from private placement	-	25,854
Net cash generated from financing activities	(461)	14,619
NET INCREASE/(DECREASE) IN CASH AND		
CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(25,647)	7,161
EFFECT OF EXCHANGE RATE FLUCTUATIONS	(113)	2,445
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,364	20,758
CASH AND CASH EQUIVALENTS END OF PERIOD	4,604	30,364
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:		
Cash and bank balances	2,950	29,832
Fixed deposits with licensed bank	14,353	20,578
Bank overdraft	-	(1,468)
	17,303	48,942
Deposits with licensed bank (pledge)	(12,699)	(18,578)
Cash at bank pledged with license bank	-	-
	4,604	30,364

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 SECOND QUARTER ENDED 30 JUNE 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
At 1 January 2021	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
Transactions with owner:						
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
At 31 December 21 (Audited)	479,829	4,990	(323,717)	161,102	(2,096)	159,006

	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
At 1 January 2022	479,829	4,990	(323,717)	161,102	(2,096)	159,006
Net profit for the financial year	-	-	(730)	(730)	38	(692)
Deconsolidation of subsidiaries	-	-	-	-	-	-
Exchanges translation differences for foreign operations	-	(113)	-	(113)	-	(113)
Total comprehensive income for the financial year	-	(113)	(730)	(843)	38	(805)
Transactions with owner:						
Private shares placement	-	-	-	-	-	-
Issuance of share by subsidiaries to non-controlling interest:	-	-	-	-	-	-
	-	-	-	-	-	-
At 30 June 22 (Unaudited)	479,829	4,877	(324,447)	160,259	(2,058)	158,201

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 operations and performance of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 June 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	479,829	479,829
Issue of ordinary shares:			
- Private placement	-	-	-
As at 30 Jun 2022	1,663,531	479,829	479,829

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	
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	32,747	30,339	58,818	116,881
- Construction	-	-	-	-
Elimination of inter-segment				
Total	32,747	30,339	58,818	116,881
Segment result				
- Services and trading	(1,286)	1,160	(730)	2,278
- Construction	-	-	-	-
Profit/(loss) after tax and NCI	(1,286)	1,160	(730)	2,278

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 June 2022

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 30 Jun 2022			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	22,148	10,329	-	32,747
Inter segment	-	-	-	-
Total	22,148	10,328	-	32,747

	Preceding Quarter			
	3 months ended 30 Jun 2021			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	15,689	14,650	-	30,339
Inter segment	-	-	-	-
Total	15,689	14,650	-	30,339

	Cumulative Quarter			
	6 months ended 30 Jun 2022			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	37,668	21,150	-	58,818
Inter segment	-	-	-	-
Total	37,668	21,150	-	58,818

	Preceding Cumulative Quarter			
	6 months ended 30 Jun 2021			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	85,896	30,985	-	116,881
Inter segment	-	-	-	-
Total	85,896	30,985	-	116,881

	30 Jun 2022			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	345,293	111,227	-	456,520
Segment liabilities	162,836	135,483	-	298,319
Depreciation	2,313	830	-	3,143
	30 Jun 2021			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	332,173	149,633	-	481,806
Segment liabilities	181,908	166,723	-	348,631
Depreciation	1,906	708	-	2,616

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 and subsequently approved in the EGM dated 21 June 2022.
4. 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

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, there no significant events which took place for the Company and its subsidiaries:

A13. Contingent Liabilities or Assets

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

	Year to Date 30-Jun-22 RM '000	Year to Date 31-Dec-21 RM '000
Performance guarantees in favour of the supplier and local authorities for the purpose of secured projects	12,699	17,709

A14. Capital Commitments

	Year to Date 30-Jun-22 RM '000	Year to Date 31-Mar-21 RM '000
Approved and contracted for:	-	-

A15. Significant related party transactions

There were no significant related party transactions incurred during the financial quarter ended 30 Jun 2022.

Part B: Explanatory Notes Pursuant to Appendix 9B of The Listing Requirements of Bursa Malaysia Securities Berhad.**B1. Review of Performance**

The Group registered lower revenue of RM58.82 million for its financial period ended 30 June 2022, a 50% reduction from RM116.88 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 loss after tax and non-controlling interest of RM0.73 million, against profit after tax and non-controlling interest of RM2.28 million in the preceding year.

B2. Review of Current Quarter against Preceding Quarter

The Group registered a 26% increase in revenue of RM32.75 million for the current quarter from a revenue of RM26.07 million in the preceding quarter. Despite an increase in revenue the Group's saw lower margin across the Group which translated to a loss after tax and non-controlling interest of RM1.29 million for the current quarter under review as compared to profit after tax and non-controlling interest of RM0.56 million in the preceding quarter.

B3. Commentary on Prospects for the Next Financial Quarter

The Group remains its opinion that its operational landscape for the year 2022 holds many uncertainties. Many prudent measures have been set out to ensure the Group's business continues sustainably, one of which is to strengthen its four core businesses which are aviation & defence, energy, rail and marine. The Group's four core businesses provide essential services that are needed in its respective industries, however the Group is cautiously optimistic that its energy and rail businesses will take on a more active role in the quarters to come.

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
30-Jun-22 RM '000	30-Jun-21 RM '000	30-Jun-22 RM '000	30-Jun-21 RM '000
Current taxation	-	(1,777)	-
			(1,892)

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

<u>Secured</u>	30-Jun-22 RM '000	31-Dec-21 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase and Lease Payables	606	1,944
Bank Borrowing	78,544	81,994
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase and Lease Payables	325	1,389
Overdraft	269	285
Bank Borrowing	-	1,970
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	-	4,275
TOTAL	79,744	91,807

B7.2 Long Term Borrowings

<u>Secured</u>	30-Jun-22 RM '000	31-Dec-21 RM '000
<i>Denominated in Ringgit Malaysia</i>		
Hire Purchase and Lease Payables	1,481	2,666
Term Loan	8,359	8,779
<i>Denominated in Singapore Dollar (SGD)</i>		
Hire Purchase and Lease Payables	267	1,454
Bank Borrowing	3,550	1,914
Total	13,657	14,813

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**

DSBE is currently negotiating with LHDN with a view to resolve the claim.

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. Final settlement paid on 26.6.2022 case is settled.

B9. Dividends

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

B10. Notes to the Statement of Comprehensive Income

	Year to date 30-Jun-22 RM '000	Year to date 31-Dec-21 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	3,143	7,771
Interest expense	598	5,267
Fair value adjustment on investment in securities	-	(607)

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
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Attributable to owners of parent (RM'000)	(1,286)	1,160	(730)	2,278
Weighted average number of ordinary shares ('000) in issue	1,663,531	1,525,276	1,663,531	1,525,276
Basic earnings per share (Sen)	(0.08)	0.08	(0.04)	0.15

B12. Disclosure of realised and unrealised profit

	Year to Date 30-Jun -22 RM'000	Year to Date 31-Dec-21 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(344,059)	(321,329)
<u>Less: consolidation adjustments</u>	19,612	(2,388)
Total retained profits	(324,447)	(323,717)

BY ORDER OF THE BOARD**TN HJ ABDUL RAHMAN BIN MOHAMED REJAB**
Executive Director