



**SUMMARY OF KEY FINANCIAL INFORMATION**

FOR THE SECOND QUARTER ENDED 30 JUN 2023

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-23 RM ' 000	30-Jun-22 RM ' 000	30-Jun-23 RM ' 000	30-Jun-22 RM ' 000
1. Revenue	37,808	32,747	57,182	58,818
2. Profit/(Loss) before tax	3,231	(1,130)	(4,100)	(693)
3. Net Profit/(Loss) for the financial period	1,731	(1,130)	(5,600)	(693)
4. Profit/(Loss) after tax and non-controlling interest	1,733	(1,286)	(5,460)	(731)
5. Basic earnings per share (Sen)	0.10	(0.08)	(0.33)	(0.04)
6. Net dividend per share ( Sen )	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (RM)	0.0723	0.0804

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

**DESTINI**

**ADDITIONAL INFORMATION**

**FOR THE SECOND QUARTER ENDED 30 JUN 2023**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-23 RM ' 000	30-Jun-22 RM ' 000	30-Jun-23 RM ' 000	30-Jun-22 RM ' 000
1. Profit/(Loss) from operations	3,531	(913)	(3,673)	(95)
2. Gross interest income	2	38	3	41
3. Gross interest expense	(300)	(217)	(427)	(598)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUN 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30-Jun-23 RM'000	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-22 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30-Jun-23 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-22 RM'000
Revenue	37,808	32,747	57,182	58,818
Cost of sale	(21,396)	(21,031)	(34,213)	(33,001)
<b>Gross profit</b>	<b>16,412</b>	<b>11,716</b>	<b>22,969</b>	<b>25,817</b>
Other income	455	94	592	725
Administrative expenses	(12,105)	(11,203)	(24,715)	(23,495)
Depreciation	(1,231)	(1,520)	(2,519)	(3,142)
Profit from operations	3,531	(913)	(3,673)	(95)
Finance cost	(300)	(217)	(427)	(598)
Profit/(Loss) before tax	3,231	(1,130)	(4,100)	(693)
Taxation	(1,500)	-	(1,500)	-
<b>Net profit/(Loss) for the financial period</b>	<b>1,731</b>	<b>(1,130)</b>	<b>(5,600)</b>	<b>(693)</b>
<b>Other comprehensive income</b>				
- Exchange Translation differences	19	(206)	(291)	(113)
<b>Other comprehensive income for the financial period</b>	<b>19</b>	<b>(206)</b>	<b>(291)</b>	<b>(113)</b>
<b>Total comprehensive income for the financial period</b>	<b>1,750</b>	<b>(1,336)</b>	<b>(5,891)</b>	<b>(806)</b>
<b>Net Profit/(Loss) for the financial period attributable to:</b>				
Owners of the parent	1,733	(1,286)	(5,460)	(731)
Non-controlling interests	(2)	156	(140)	38
	<b>1,731</b>	<b>(1,130)</b>	<b>(5,600)</b>	<b>(693)</b>
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>				
Owners of the parent	1,793	(1,492)	(5,980)	(844)
Non-controlling interests	(43)	156	89	38
	<b>1,750</b>	<b>(1,336)</b>	<b>(5,891)</b>	<b>(806)</b>
<b>Earnings per share attributable to owners of the parent:</b>				
- basic (Sen)	0.10	(0.08)	(0.33)	(0.04)
Weighted average number of ordinary shares ('000 units)	1,663,531	1,663,531	1,663,531	1,663,531
Enlarged number of ordinary shares in issue ('000 units)	1,663,531	1,663,531	1,663,531	1,663,531

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 2022 and the accompanying explanatory notes to the quarterly report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUN 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30-Jun-23 (Unaudited) RM'000	As at 31-Dec-22 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	36,739	37,167
Right of use assets	17,991	19,684
Investment in jointly control entity	-	-
Intangible Assets	71,537	70,340
Investment in quoted share	130	130
Investment in jointly control entity	-	-
Other Receivable	200	14,387
Other investments	320	320
Pre - Operating Expenditures	-	-
	<u>126,917</u>	<u>142,028</u>
<b>CURRENT ASSETS</b>		
Inventories	14,108	13,310
Contract assets	3,155	2,451
Trade receivables	47,293	44,002
Other receivables and deposits	54,896	41,268
Amount due from associated company	6,255	6,255
Amount due from joint venture	-	-
Tax recoverable	3,840	3,671
Deposit with licensed bank	14,019	16,788
Cash and bank balances	2,968	10,788
	<u>146,534</u>	<u>138,533</u>
<b>TOTAL ASSETS</b>	<u><b>273,451</b></u>	<u><b>280,561</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL</b>		
	479,829	479,829
<b>TRANSLATION RESERVE</b>		
	1,054	1,345
<b>RETAINED PROFITS</b>		
	(360,555)	(355,095)
<i>Shareholders' equity</i>	<u>120,328</u>	<u>126,079</u>
<b>NON-CONTROLLING INTEREST</b>		
	(3,539)	(3,399)
<i>Total Equity</i>	<u><b>116,789</b></u>	<u><b>122,680</b></u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	-	177
Other payables	7,125	926
Lease liabilities	979	1,093
Bank borrowings	8,863	10,303
Long term creditor	3,199	7,997
	<u>20,166</u>	<u>20,496</u>
<b>CURRENT LIABILITIES</b>		
Contract liabilities	-	1,764
Trade payables	59,043	53,302
Other payables and accruals	49,207	59,696
Lease liabilities	802	950
Bank borrowings	3,872	6,513
Redeemable preference shares	1,466	1,357
Tax Payable	22,106	13,803
	<u>136,496</u>	<u>137,385</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>273,451</b></u>	<u><b>280,561</b></u>
<b>Net assets per share attributable to owners of the parent ( RM )</b>	<b>0.0723</b>	<b>0.0804</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 2022 and the accompanying explanatory notes to the quarterly report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUN 2023

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

	Share Capital RM '000	Foreign Currency Translation Reserves RM '000	Accumulated Losses 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	-	-	(30,155)	(30,155)	(2,675)	(32,830)
Exchanges translation differences for foreign operations	-	(3,645)	-	(3,645)	149	(3,496)
Total comprehensive income for the financial year	-	(3,645)	(30,155)	(33,800)	(2,526)	(36,326)
<b>Transactions with owner:</b>						
Acquisition of non-controlling interest:			(1,223)	(1,223)	1,223	-
<b>At 31 December 2023 (Audited)</b>	<u>479,829</u>	<u>1,345</u>	<u>(355,095)</u>	<u>126,079</u>	<u>(3,399)</u>	<u>122,680</u>

	Share Capital RM '000	Foreign Currency Translation Reserves RM '000	Accumulated Losses RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
<b>At 1 January 2023</b>	479,829	1,345	(355,095)	126,079	(3,399)	122,680
Net profit for the financial year	-	-	(5,460)	(5,460)	(140)	(5,600)
Exchanges translation differences for foreign operations	-	(291)	-	(291)	-	(291)
Total comprehensive income for the financial year	-	(291)	(5,460)	(5,751)	(140)	(5,891)
<b>Transactions with owner:</b>						
Acquisition of non-controlling interest:			-	-	-	-
<b>At 30 June 2023 (Unaudited)</b>	<u>479,829</u>	<u>1,054</u>	<u>(360,555)</u>	<u>120,328</u>	<u>(3,539)</u>	<u>116,789</u>



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUN 2023

<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
	AS AT END OF CURRENT PERIOD (Unaudited) 30-Jun-23 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-22 RM' 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(4,100)	(33,157)
Adjustments for:-		
Amortization of intangible	-	981
Bad debts written off	-	432
Intangible asset written off	-	100
Depreciation of property, plant and equipment	2,519	7,197
Amortization of right-of-use assets	-	1,913
Fair value adjustment on investment in securities	-	50
Derecognition arising from termination of lease agreement	-	(30)
Loss/(Gain) on disposal of property, plant & Equipment	-	(11)
Loss/(Gain) on disposal of investment in joint venture	-	(2,975)
Impairment loss on trade receivable	-	19,851
Impairment loss on other receivable	-	6,696
Impairment loss on property, plant and equipment	-	934
Interest expense	427	1,712
Interest Income	(3)	(167)
Property, plant and equipment written off	-	115
Reversal of impairment of Other receivable	-	(1,079)
Unrealised gain on foreign exchange	-	(175)
Operating profit before working capital changes	<b>(1,157)</b>	<b>2,387</b>
Inventories	(797)	(1,212)
Receivables	(2,404)	15,192
Payable	3,388	(19,084)
Contract assets/liabilities	(4,560)	76,351
Subsidiaries	-	-
Joint venture	-	500
Directors	-	(7)
Cash used in operations	<b>(5,530)</b>	<b>74,127</b>
Tax paid	-	(3,930)
Tax refund	-	261
Net cash used in operating activities	<b>(5,530)</b>	<b>70,458</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3	167
Investment in securities	-	-
Decreased/(Increase) in deposits pledged to licensed banks	-	-
Proceeds from disposal of property, plants and equipment	-	24
Proceeds from disposal of joint venture	-	2,975
Proceeds from disposal of investment in securities	-	-
Purchase of property, plant and equipment	-	(2,327)
Purchase of right-of-use-assets	-	(8)
Net change in deposit pledged to licensed banks	2,768	1,790
Net cash used in investing activities	2,771	2,621
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(427)	(1,712)
Repayment of term loan	(3,831)	(86,303)
Repayment of finance lease liabilities	(262)	(1,572)
Proceeds from private placement	-	-
Net cash generated from financing activities	<b>(4,520)</b>	<b>(89,587)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND</b>		
<b>CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<b>(7,279)</b>	<b>(16,508)</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS</b>	<b>(291)</b>	<b>(3,733)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>10,122</b>	<b>30,363</b>
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>2,552</b>	<b>10,122</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:</b>		
Cash and bank balances	2,968	10,788
Fixed deposits with licensed bank	14,019	16,787
Bank overdraft	(416)	(666)
	<b>16,571</b>	<b>26,909</b>
Deposits with licensed bank (pledge)	(14,019)	(16,787)
Cash at bank pledged with license bank	-	-
	<b>2,552</b>	<b>10,122</b>

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 2022 and the accompanying explanatory notes to the quarterly report.

**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 2022.

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 2022 except for the adoption of the following with effect from 1 January 2023:

Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non- current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

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 2022 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 Jun 2023

**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 2023	1,663,531	479,829	479,829
Issue of ordinary shares:			
- Private placement	-	-	-
As at 30 Jun 2023	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		6 months ended	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	37,808	32,747	57,182	58,818
- Construction	-	-	-	-
Elimination of inter-segment				
Total	37,808	32,747	57,182	58,818
Segment result				
- Services and trading	1,733	(1,286)	(5,460)	(730)
- Construction	-	-	-	-
Profit/(loss) after tax and NCI	1,733	(1,286)	(5,460)	(730)

**Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2023**

## b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 30 Jun 2023			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	27,339	10,409	-	37,808
Inter segment	-	-	-	-
Total	27,339	10,409	-	37,808

	Preceding 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

	Cumulative Quarter			
	3 months ended 30 Jun 2023			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	36,811	20,371	-	57,182
Inter segment	-	-	-	-
Total	36,811	20,371	-	57,182

	Preceding 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

	30 Jun 2023			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	177,733	95,718	-	273,451
Segment liabilities	131,039	25,623	-	156,662
Depreciation	1,573	946	-	2,519
	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

**Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2023**

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**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 12 January 2023, accepted a supplementary contract from Ministry of Defence Malaysia for the increase in the Contract ceiling from RM121 million to RM181.5 million. The expiry of the Contract shall remain the same.
2. DPSB, a wholly-owned subsidiary of Destini, had on 20 June 2023, accepted a letter of award from Ministry of Defence Malaysia for the procurement of scheduled and unscheduled maintenance, testing, technical services (modification, training, publication and consultation) and supply of spare parts and related components, for the non airborne equipment to the Royal Malaysian Air Force. The value of the Contract is approximately RM25.44 million.
3. DPSB, a wholly-owned subsidiary of Destini, had on 27 June 2023, accepted a letter of award from Ministry of Defence Malaysia for the procurement, supply and delivery of 70MM rockets (2.72 inch) to the Malaysian Army. The value of the Contract is approximately RM18.75 million.

**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 subsequent events took place for the Company and its subsidiaries:

1. Destini Prima Sdn Bhd (“DPSB”), a wholly-owned subsidiary of Destini, had on 18 July 2023, accepted a letter of award, for an extension of contract from the Ministry of Defence Malaysia for supply of Non-proprietary aircraft spare parts for the Royal Malaysian Airforce. Through the extension, the contract ceiling has been increased by RM222,250,000.00 million.

**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 30-Jun -23 RM ‘000</b>	<b>Year to Date 30-Jun-22 RM ‘000</b>
Performance guarantees in favour of the supplier and local authorities for the purpose of secured projects	14,019	12,699

**A14. Capital Commitments**

Approved and contracted for:

<b>Year to Date 30-Jun-23 RM '000</b>	<b>Year to Date 30-Jun-22 RM '000</b>
-	-

**A15. Significant related party transactions**

There were no significant related party transactions incurred during the financial quarter ended 30 Jun 2023.

**Part B: Explanatory Notes Pursuant to Appendix 9B of The Listing Requirements of Bursa Malaysia Securities Berhad.****B1. Review of Performance****a) Current Quarter Compared to Preceding Year's Corresponding Quarter**

For current quarter Destini revenue increase by 13% to RM37.81 million from RM32.75 million compare to the preceding years corresponding period. Profit after tax and non-controlling interest (PATNCI) for current quarter was RM1.73 million RM3.01 million higher compare to 1.29 million, loss after tax and non-controlling interest (LATNCI) in the preceding year corresponding quarter. Profit in the current quarter was mainly due the Group register higher revenue and higher gross profit compare to preceding year corresponding period.

Destini's Aviation and Defence sector register higher revenue in the current quarter arising from increased in trading and MRO activity. Current quarter revenue increased to RM20.31 million compare to corresponding quarter in preceding year of RM8.01 million, more than 100% increase in revenue. As higher revenue, the PATNCI of the segment also increased to RM1.14 million compared to RM0.04 million in the same period previous year

The marine sector also registered increased in the revenue from RM10.79 million last year to RM11.26 million in current period. Higher revenue due to more products and services rendered to the client, which eventually result in the marine register higher PATNCI of RM1.76million increased from RM0.10 million PATNCI in the same quarter last years.

Energy segment of Destini saw its revenue decrease from RM13.85 million in last year corresponding quarter to RM6.17 million in current quarter, a decrease of RM. The drop in revenue is attributed to the reduced rig activity. Corresponding to the decrease in revenue, Energy segment of Destini recognised a PATNCI of RM1.74 million against a profit of RM1.49 million in the same period previous year.

Destini's mobility and other sectors recorded LATNCI of RM2.93m in the current quarter compare to LATNCI of RM2.81 million last year same quarter, the loss due to the administrative expenditure incurred.

**b) Financial Review for Current Year Compared to Preceding Year**

Destini's revenue decreased by 3% to RM57.18 million in YTD2023 (6-month period ended 30 June 2023) from RM58.82 million in the corresponding period previous year. Following the decrease in revenue, Destini recorded a loss after tax and non-controlling interest (LATNCI) of RM5.46 million for the current financial period as compared to LATNCI of RM0.73 million the previous year. The decrease in income for the Group was mainly due to lower business activities and an increase in materials and transport charges due to global inflation across its four core businesses during the period in review.

Destini's Aviation and Defence sector saw robust growth in 2Q2023 arising from increased trading and MRO activities. The YTD2023 revenue of the segment stood at RM26.30 million compared to RM11.31 million in the corresponding period previous year, representing a 43% increase in segment revenue. In line with the revenue, the PATNCI of the segment also increased to RM2.05 million for YTD2023 compared to a LATNCI of RM1.24 million in the same period previous year.

The Marine sector of Destini saw a decrease in revenue by 2% for YTD2023 to RM21.58 million from RM22.04 million in the same period previous year. The decrease in revenue arises from lesser contribution from Group's manufacturing unit in China. The LATNCI for the sector increased from RM0.75 million in YTD2022 to RM1.89 million for the corresponding period in 2023. The increased losses arise from additional tax liabilities of RM1.0 million incurred in the Group's shipbuilding division in Malaysia.

The Energy sector of Destini saw its revenue decrease from RM25.39 million in YTD2022 to RM9.25 million in YTD2023, a decrease of 64%. The drop in revenue is attributed to the reduced rig activity in the first two quarters of 2023 compared to the previous year. Corresponding to the decrease in revenue, Energy sector of Destini recognised a LATNCI of RM44,869 for YTD2023 against a profit of RM6.98 million in the same period previous year.

Destini's Mobility sector performs Maintenance Repair and Overhaul ("MRO") for Six Car Sets and Electric Train Sets based on the contracts awarded by Ministry of Transport, Malaysia (MOT). The sector saw no revenue in YTD2023 which was similar to YTD2022, this is because the MRO activities will commence from December 2023. The Mobility sector is expected to contribute significantly towards Destini's earning from 2Q2024. The sector's YTD2023 LATNCI totalled RM0.89 million, an increase from the RM0.67 million recorded during the same period in 2022.

Destini Berhad and other minor subsidiaries are classified under the 'Others' sector. This sector did not register material revenue in both YTD2023 and YTD2022 period. The LATNCI for 'Others' sector decreased by 8% from RM5.06 million in YTD2022 to RM4.68 million in YTD2023 due to cost savings exercises.

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

Destini saw higher revenue of RM37.81 million for its first quarter ended 30 Jun 2023 from a revenue of RM19.34 million in the preceding quarter. Increase in revenue, resulted in profit to a PATNCI of RM1.73 million from a LATNCI of RM7.19 million in the preceding quarter due to higher revenue and better profit margin in the current quarter.

## **B3. Commentary on Prospects for the remaining period and next Financial Year**

Destini's strong orderbook presents strong prospects for the company to return to profits in the next financial year. In Destini's Aviation sector, the contracts secured from Ministry of Defence Malaysia are expected to contribute more towards the earning of Destini in FY2024. Similarly, Destini's ongoing contracts with Ministry of Transport, Malaysia with a total contract value of RM695 million are expected to contribute towards group earning starting FY2024. The Group's plan to raise capital for working capital purposes will enable seamless execution of current orderbook and hence significantly improve earnings.

Destini's Aviation and Defence segment is poised to perform even better in the balance 2 quarters in 2023. This is backed their strong orderbook from Ministry Defence, Malaysia. The energy segment has seen increased rig activity starting 3Q2023 and is

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expected to return to profits in the remaining two quarters for the financial year. As indicated earlier, earnings contribution from Mobility division of the group will begin in 2Q2024 as per the scheduled delivery and handover of trains to KTM. The Marine segment of the group is expected to improve its performance for the remainder of the year owing to increased orderbook with group's marine manufacturing unit in China. In addition to these, the group has also embarked on a cost optimization exercise across the 'Others' segment that will contribute towards decrease in losses arising from this segment.

Destini has announced a rights issue exercise aimed at raising capital up to RM66.54 million. Majority of the amount raised will be utilized towards execution of the current orderbook of Destini, in particular its contracts from Ministry of Transport, Malaysia and Ministry of Defence, Malaysia. With this capital raise and earnings contribution from the Contracts, Destini is optimistic on its prospects for 2024 and beyond.

**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-23 RM '000	30-Jun-22 RM '000	30-Jun-23 RM '000	30-Jun-22 RM '000
Current taxation	(1,500)	-	(1,500)

**B6. Corporate Proposals**

The corporate proposal announced by the Group but not completed as at the date of this announcement is listed below:

- On 17 July 2023, UOBKH, had on behalf of the Board announced that the Company proposed to undertake a renounceable rights issue of up to 1,663,531,629 new Destini Shares at the issue price of RM0.04 per Rights Share, on the basis of 1 Rights Share for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on an entitlement date to be determined and announced later ("**Previous Proposed Rights Issue with Warrants**").

On 28 August 2023, on behalf of the Board, UOBKH wishes to announce that the Board had deliberated on the Previous Proposed Rights Issue with Warrants and after taking into consideration the additional funding requirements, the Company proposes to undertake a revised renounceable rights issue of up to 3,327,063,258 new Destini Shares at the issue price of RM0.04 per Rights Share, on the basis of 2 Rights Shares for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("**Proposed Rights Issue with Warrants**").

**B7. Group Borrowings and Debt Securities**

Group borrowings are as follows:-

**B7.1 Short Term Borrowings**

<u>Secured</u>	<b>30-Jun-23</b> <b>RM '000</b>	<b>31-Dec-22</b> <b>RM '000</b>
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase and Lease Payables	739	803
Bank Borrowing	3,456	5,331
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase and Lease Payables	63	233
Overdraft	416	430
Bank Borrowing	-	666
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans		-
	-	
<b>TOTAL</b>	<b>4,674</b>	<b>7,463</b>

**B7.2 Long Term Borrowings**

<u>Secured</u>	<b>30-Jun-23</b> <b>RM '000</b>	<b>31-Dec-22</b> <b>RM '000</b>
<i>Denominated in Ringgit Malaysia</i>		
Hire Purchase and Lease Payables	920	1,011
Term Loan	4,442	5,822
<i>Denominated in Singapore Dollar (SGD)</i>		
Hire Purchase and Lease Payables	59	264
Bank Borrowing	4,421	4,262
<b>Total</b>	<b>9,842</b>	<b>11,359</b>

**B8. Material Litigation**

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

**1. Date of presentation of the Writ of Summons and Statement of Claim**

Destini Shipbuilding and Engineering Sdn Bhd (“DSBE”) had on 3 May 2023 received a Writ of Summon and Statement of Claim dated 10 April 2023 (“the Summons”) by Lembaga Hasil Dalam Negeri Malaysia (“LHDN”) for and on behalf of Government of Malaysia issued by the High Court of Malaya at Shah Alam demanding for the settlement of the additional tax payable by DSBE amounting to RM1,254,627.00 including interest and penalty for the years of assessment of 2017 and 2018.

Pursuant to the Summons, DSBE has fourteen (14) days from the date of receipt of the Writ of Summon to enter appearance which DSBE had done so on 10 May 2023. LHDN filed a Summary Judgment application on 14.06.2023. DSBE replied to the affidavit on 27.06.2023. The matter is now fixed for Summary Judgment application Hearing on 28.08.2023.

**i) The financial and operational impact of the Summons on the Group**

The Summons will not have any additional financial and operational impact on the Group.

**ii) The expected losses, if any, arising from the Summons**

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

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

DSBE is not a major subsidiary of the Company.

**iv) Steps taken and proposed to be taken in respect of the Summons**

DSBE is in the process to resolve the matter amicably upon further discussion with LHDN.

**2. Destini Shipbuilding and Engineering Sdn Bhd (“DSBE”) had been served with a Writ of Summons, details of which are as follows:**

**i) Date of service of the Writ of Summons**

On 2 June 2022, Pembinaan Ismail had filed a writ of summons against DSBE (Writ No. BA-22C-21-06-2022) which has been received by the Company on 8 June 2022.

On 14 September 2022, Messrs Puspalingam, Kasmani & Partners for and on behalf of Pembinaan Ismail (the Defendant’s solicitors) filed a notice of the application to the High Court of Malaya at Shah Alam, in the State of Selangor Darul Ehsan, to allow the Plaintiff to enter a direct judgment against the Defendant as stated in the filed statement of claim, pursuant to Rule 14 of the Court Rules 2012.

On 21 June 2023, the Court allowed the Plaintiff’s summary application against DSBE for the sum of RM1,975,617.67 and costs of RM5,000.00. Pursuant thereto DSBE filed an appeal against the High Court decision. The Court of Appeal has yet to fix the Case Management date. DSBE also filed an application for Stay of Execution of the Judgment on 20.07.2023. The Hearing date for the application for Stay of Execution of the Judgment is fixed on 21.09.2023.

**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 Plaintiff had completed approximately 92.7% of the works by 8 April 2021. The Plaintiff submitted a claim demanding RM14,808,221.06. However, as of 30 March 2021, the Defendant had made a payment of RM11,707,270.79, leaving a balance of RM3,100,950.27 unpaid by the Defendant to the Plaintiff.

**iii) The particulars of the claim under the Writ of Summons, including the amount claimed for and the interest rate**

Pursuant to the Writ of Summons, the Plaintiff claims the following from DSBE:-

- a) The sum of RM3,100,950.27;
- b) Statutory interest at the rate of 5% on RM3,100,950.27 calculated from the date of the Writ to the date of full settlement of the judgement sum (“Interest on Damage”);
- c) Cost of the proceeding.

**iv) A confirmation as to whether DSBE is a major subsidiary**

DSBE is not a major subsidiary of the Company.

**The cost of investment in DSBE**

The total cost of investment in DSBE is RM3,000,000.00

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

The Writ of Summons will not have any additional financial and operational impact on the Group

**vi) The expected losses, if any, arising from the Writ of Summons on the Group**

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

**vii) Steps taken and proposed to be taken in respect of the Writ of Summons on the Group**

DSBE is in the process to resolve the matter amicably with the Plaintiff upon further discussion with the Plaintiff. In furtherance of that, DSBE filed an appeal and application

**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 30-Jun-23 RM '000</b>	<b>Year to date 31-Dec-22 RM '000</b>
<b>Profit for the period is arrived at after charging/(crediting):-</b>		
Depreciation of property, plant and equipment	2,519	7,197
Interest expense	427	1,712
Fair value adjustment on investment in securities	-	50

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**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-23	30-Jun-22	30-Jun-23	30-Jun-22
Attributable to owners of parent ( RM'000 )	<b>1,733</b>	<b>(1,286)</b>	<b>(5,460)</b>	<b>(731)</b>
Weighted average number of ordinary shares ('000) in issue	<b>1,663,531</b>	<b>1,663,531</b>	<b>1,663,531</b>	<b>1,663,531</b>
Basic earnings per share (Sen)	<b>0.10</b>	<b>(0.08)</b>	<b>(0.33)</b>	<b>(0.04)</b>

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

Year to Date 30-Jun -23 RM'000	Year to Date 31-Dec -22 RM'000
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Total accumulated losses of the Company and its subsidiaries

- Realised	(587,432)	(494,582)
less: consolidation adjustments	226,877	139,119

Total retained profits	<u>(360,555)</u>	<u>(355,463)</u>
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**BY ORDER OF THE BOARD**

**DESTINI BERHAD**