

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Sept 2012

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 2011. 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 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully coverage Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

During the financial period, the Group have adopted the following applicable new Financial Reporting Standards (“FRSs”) , revised FRSs, Issues Committee (“IC”) Interpretations and amendments to FRSs, issued by the Malaysian Accounting Standards Board that are mandatory for the current financial period:-

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	
MFRS 124	Related Party Disclosures (revised)	
Amendments to MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	
Amendments to MFRS 7	Disclosures – Transfers of Financial Assets	
Amendments to MFRS 112	Deferred Tax: Recovery of Underlying Assets	
		Effective date for financial periods <u>beginning on or after</u>
Amendments to FRS 9 (IFRS 9 as issued by IASB in November 2009), MFRS 9 (IFRS 9 as issued by IASB in October 2010) and MFRS 7	Mandatory Effective Date of FRS 9 and Transition Disclosures	1 March 2012

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Adoption of the above MFRSs, IC Interpretations, Amendments to MFRSs and Amendments to IC Interpretations did not have any significant effect on the financial statements of the Group, other than for the following:

(i) MFRS 124 “Related Party Disclosures”

The revised MFRS 124 simplify the definition of a related party, clarifies its intended meaning and eliminates inconsistencies from the definition and gives partial exemption from disclosure for government-related entities. These changes affect disclosures in the financial statements and did not have any impact on the financial results of the Group.

(ii) Amendments to MFRS 7 Disclosures - Transfers of Financial Assets

The amendment enhances the transparency in the reporting of transfer transactions and improves users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.

The Group have not adopted earlier the following new MFRSs, revised MFRSs, Issues Committee (“IC”) Interpretations and amendments to MFRSs, which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:-

		Effective date for financial periods beginning on or after
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 10	Consolidated Financial Statements	1 January 2013
Amendments to MFRS 11	Joint Arrangements	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 3 Business Combination (IFRS 3 issued by International Accounting Standards Board (“IASB”) in March 2004)^	Business Combination	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
Amendments to MFRS 127	Separate Financial Statements	1 January 2013
MFRS 127 (IAS 27 revised by IASB in December 2003)^	Consolidated and Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRSs contained in the document entitled "Annual Improvements 2009-2011 Cycle		1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 (IFRS 9 as issued by IASB in November 2009)	Financial Instruments	1 January 2015*
MFRS 9 (IFRS 9 as issued by IASB in October 2010)	Financial Instruments	1 January 2015*

* Original effective date of 1 January 2013 deferred to 1 January 2015 via amendments issued by MASB on 1 March 2012.

^ These standards are applicable if the entity elected to apply the transition guidance as allowed in MFRS 10 Consolidated Financial Statements paragraphs C4B and C4C respectively.

A2. Audit Report

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of its financial performance and cash flows for the financial period then ended.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements. The Company has been an Affected Listed Issuer pursuant to the Amended Practice Note No. 17/2005 ("Amended PN17") and Paragraph 8.14C of the Listing Requirements of Bursa Malaysia Securities Berhad. The Company has submitted its initial proposed regularisation plan on 16 November 2009 to Bursa Malaysia Securities Berhad ("Bursa Securities") and the revised regularisation plan was submitted on 22 March 2011.

Subsequently, the proposed restructuring scheme was approved by Bursa Securities vide its letter dated 22 September 2011. And, on 26 April 2012, the Company has issued a Circular to Shareholders to seek shareholders' approval of the proposed restructuring scheme in the Extraordinary General Meeting to be held on 24 May 2012.

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The appropriateness of preparing the financial statements of the Group and of the Company on a going concern basis is dependent on the successful implementation of the Company's proposed restructuring scheme.

The Directors are of the opinion that the proposed restructuring scheme will be successfully implemented to regularise the financial condition and business operations of the Group and the Company. As such the financial statement of the Group and of the Company do not include any adjustments and classification relating to the recorded assets and liabilities that maybe necessary should the Group and the Company be unable to continue as going concerns.

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 under review.

A4. Items of unusual nature and amount

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

A5. Material changes in estimates

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

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 under review.

A7. Dividend Paid

No interim dividend has been paid or declared during the current quarter and the financial period under review.

A8. Segmental Analysis

No segmental analysis is presented as the Group is primarily engaged in a single segment relating to the maintenance, repair and overhaul services carried out in Malaysia and no geographical analysis has been prepared as the Group Operates wholly in Malaysia

A9. Valuation of property, plant and equipment

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

A10. Significant Events During The Financial Quarter

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

(i) The Regularisation Plan:

- (1) Proposed Rights Issue with Warrants will entail an issuance of up to 40,000,000 Rights Shares together with up to 60,000,000 free Warrants on a renounceable basis of one (1) Rights Share for every two (2) existing Company's Shares held together with three (3) Warrants for every two (2) Rights Shares subscribed for by the entitled shareholders of the Company whose names appear on the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board. A total of 60,000,000 new Company's Shares will be issued upon full exercise of the Warrants; and
- (2) Proposed exemption to Pascal Resources Sdn Bhd and the persons acting in concert with under practice Note 2.9.1 of the Malaysian Code on Take-Overs and Mergers, 1998 from the obligation to undertake a mandatory offer for all the remaining Company's shares not already held by them which may arise pursuant to the proposed rights issue with warrants.
- (3) The Company has received additional RM3.912 million in October, November and December 2009 which give a total amount received of RM6.8 million being the cash advances from Pascal Resources Sdn Bhd for working capital of the Company.
- (4) The Company has submitted the Regularisation Plan to Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 November 2009 through the principal adviser namely, OSK Investment Bank Berhad and is currently pending for Bursa Securities' approval.
- (5) On 10 March 2011, the Company following the above, had further revised the details on the Proposed Capital Reduction I, Proposed Rights Issue with Warrants II, Proposed Exemption II and Proposed Amendments I as follows:
 - Proposed share capital reduction involving the reduction of the par value of each existing ordinary shares of RM0.50 each in Destini to ordinary shares of RM0.10 each ("Destini Shares") by the cancellation of RM0.40 of the par value ("Proposed Capital Reduction");
 - Proposed renounceable rights issue of 200,000,000 new Destini Shares ("Rights Shares") on the basis of five (5) Rights Shares for every two (2) existing Destini Shares held on an entitlement date to be determined later after the Proposed Capital Reduction ("Proposed Rights Issue");
 - Proposed exemption to Pascal Resources Sdn Bhd ("Pascal") and the PAC under Paragraph 16.1 of PN 9 of the Malaysian Code on Take-

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Overs and Mergers, 2010 ("Revised Code") from the obligation to undertake a mandatory offer for all the remaining Destini Shares not already held by them which may arise pursuant to the Proposed Rights Issue ("Proposed Exemption"); and

- Proposed amendments to the Memorandum and Articles of Association of Destini resulting from the Proposed Capital Reduction ("Proposed Amendments").
- (6) On 26 September 2011, Bursa Securities approved the proposed restructuring scheme and the Company had on 26 April 2012 issued circular to shareholders. Shareholders approval was obtained in the Extraordinary General Meeting held on 24 May 2012.
- (ii) On 3 January 2012, the Company acquired 2 ordinary shares of RM1.00 each fully paid-up in capital of both Destini Aero Teknologi Sdn. Bhd. and Destini HRTC Sdn. Bhd. ("Destini HRTC") for a total cash consideration of RM2.00 for each company and became a wholly owned subsidiary of the Company. Both companies have not commenced business since its incorporation.
- (iii) On 3 January 2012, the Company has undergone an internal reorganisation exercise which involved three (3) subsidiaries Destini Engineering Technologies Sdn. Bhd., Destini Fire Safety Sdn. Bhd. and Destini Armada Sdn Bhd which the Directors believes to be the best interest of the Group.
- (iv) On 24 February 2012, the Company paid RM100,000 to Pascal Resources Sdn. Bhd in addition to the previous payments of RM1.4 mil as part of settlement of the cash advancement provided by Pascal Resources to the Company. The outstanding balance as at 29 February 2012 was RM5.30 mil.
- (v) On 27 February 2012, the Company entered into a Sale and Purchase Agreement to acquire 1,750,000 ordinary shares of RM1.00 each in System Enhancement Resources & Technologies Sdn. Bhd. representing 50% of the total issued and paid up share capital for a total cash consideration of RM1,000,000.
- (vi) On 7 March 2012, the Company subscribed additional 99,998 new ordinary shares of RM 1.00 each in Destini HRTC, a wholly-owned subsidiary of the Company, at par for a total cash consideration of RM 99,998. The Company was funded via internally generated fund. Pursuant to the Subscription, the total issued and paid up capital of Destini HRTC. increased from 2 ordinary shares to 100,000 ordinary shares of RM 1.00 each.
- (vii) On 7 March 2012, the Company subscribed additional 50,000 new ordinary shares of RM 1.00 each in Destini Info Tech Solutions Sdn. Bhd., a wholly-owned subsidiary of the Company, at par for a total cash consideration of RM250,000. The Company was funded via internally generated fund. Pursuant to the Subscription, the total issued and paid up capital of Destini Info Tech Solutions Sdn. Bhd. increased from 250,000 ordinary shares to 300,000 ordinary shares of RM 1.00 each.

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- (viii) On 18 April 2012, Destini Prima Sdn. Bhd. entered into a Contract with Ministry of Defence Malaysia for the supply and delivery of Anti-Tank Ammunition 40mm Rocket Propelled Grenade (RPG) for the army at a total an contract sum of RM 7,902,298 for the period of two years commencing from 30 April 2012 to 31 March 2013.
- (ix) On 16 April 2012, Destini Prima Sdn. Bhd. subscribed additional 250,000 new ordinary shares of RM1.00 each in Destini Armada Sdn. Bhd, a wholly-owned subsidiary of Destini Berhad, at par for a total cash consideration of RM250,000. The Company was funded via internally generated fund.
- (x) On 27 April 2012, the Company had incorporated a new wholly-owned subsidiary company in Adelaide, South Australia with the name “DESTINI AUSTRALIA PTY LTD” (Company Registration No.158 026 049) (“Destini Australia”) with the total issued and paid up capital of AUD 2.00 or approximately RM6.30. The intended principal activities of Destini Australia are investment and general trading.
- (xi) On 30 April 2012, Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini Bhd, had entered into a Sale and Purchase Agreement (“SPA”) with Lim Cheng Ten (NRIC No. 610424-10-5833), Ismail Bin Abdul Hassan (NRIC No. 621206-01-6043), Ooi Say Hak (NRIC No. 650426-08-5967) and Teh Hock Hai (NRIC No. 520524-01-5203) (collectively as “Purchaser”) to dispose of the two (2) storey terrace factory at No. 29, Jalan Tiara 5, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan (“Property”) for a total consideration of RM930,000.00 (Ringgit Malaysia : Nine Hundred And Thirty Thousand) only
- (xii) Destini Berhad after the approval from the shareholder in the AGM dated 24 May 2012 underwent capital reduction involving the reduction of the par value of every existing ordinary share of RM0.50 each in Destini to ordinary share of RM0.10 each in Destini (“Destini Shares”) by cancellation of RM0.40 of the par value after obtaining the High Court approval on 5 June 2012.
- (xiii) On 12 September 2012, Destini Berhad Renounceable Rights Issue of 200,000,000 new ordinary shares of RM0.10 each (“Rights Share(s)”) at an issue price of RM0.10 per Rights Share on the basis of 5 Rights Shares for every 2 existing ordinary shares (“Renounceable Rights Issue”) together with Issuance of 50,000,000 new ordinary shares of RM0.10 each in pursuant to the debts settlement of RM5,000,000 owing to BPH Capital Sdn Bhd (“Debts Settlement”) were duly completed.
- (xiv) On 27 September 2012, The Board of Directors of Destini Berhad announced that the Sale and Purchase Agreement in respect of the acquisition of 1,750,000 ordinary shares of RM1.00 each in System Enhancement Resources & Technologies Sdn Bhd (“SERT”), representing 50% of the total issued and paid up capital of SERT has been duly completed.

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- (xv) On 27 September 2012, The Board of Directors of Destini Berhad (announced that the Sale and Purchase Agreement in respect of the disposal of the two (2) storey terrace factory at No. 29, Jalan Tiara 5, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan by Destini Prima Sdn Bhd, a wholly-owned subsidiary of the Company has been duly completed.

A11. Significant Events Subsequent To the Financial Quarter

There was no significant event subsequent to the financial quarter under review

A13. Contingent Liabilities or Assets

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

	Year to Date 30-Sept-12 RM '000	Year to Date 30-Sept-11 RM '000
Banker's guarantees in favour of the local authorities for the purpose of development projects		
- Secured	3,949	3,828

A14. Capital Commitments

There were no material commitments during the financial quarter under review.

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter and financial period ended 30 Sept 2012.

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

B1. Review of Performance

The Group recorded a turnover of RM33.87million and a profit of RM2.53 million compare to a turnover of RM36.46 million and a profit before taxation of RM7.83 million for the preceding year corresponding period.

The profit before tax for the period ended 30 Sept 2012 was lower compared to the preceding year due to higher gross profit margin and higher contribution from sale of property in the preceding year.

B2. Review of Current Quarter Profitability against Preceding Quarter

The Group achieved revenue of RM13.20 million for the current quarter under review as compared to RM10.76 million in the preceding quarter, registered an increase of approximately 22%.

Profit after taxation of the Group for the current quarter under review decrease from RM2.63million in the preceding quarter to RM0.75million for the current quarter. Higher profit in the preceding quarter due higher profit margin.

B3. Commentary on Prospects for the Next Financial Quarter

The directors expect the Group's operating environment to remain challenging and competitive. Barring unforeseen circumstances, the Board foresees the Group's operational results for the financial year 2012 will be satisfactory.

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-Sept-12 RM '000	30-Sept-11 RM '000	30-Sept-12 RM '000	30-Sept-11 RM '000
Current taxation	-	153	-	153

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B6. Corporate Proposals

On 22 September 2011, Bursa Malaysia Securities Berhad has resolved to approve the Company proposed restructuring scheme which consists of the following:-

- i. Proposed share capital reduction involving the reduction of the par value of each existing ordinary shares of RM0.50 each in Destini to ordinary shares of RM0.10 each ("Destini Shares") by the cancellation of RM0.40 of the par value ("Proposed Capital Reduction");
- ii. Proposed renounceable rights issue of 200,000,000 new Destini Shares ("Rights Shares") on the basis of five (5) Rights Shares for every two (2) existing Destini Shares held on an entitlement date to be determined later after the Proposed Capital Reduction ("Proposed Rights Issue");
- iii. Proposed settlement of the debt owing to BPH Capital Sdn Bhd via the issuance of 50,000,000 new Destini Shares at the issue price of RM0.10 each ("Settlement Shares") ("Proposed Capitalisation");
- iv. Proposed exemption to Pascal Resources Sdn Bhd ("Pascal") and the persons acting in concert with it under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 from the obligation to undertake a mandatory general offer for all the remaining Destini Shares not already held by them which may arise pursuant to the Proposed Rights Issue ("Proposed Exemption"); and
- v. Proposed amendment to the Memorandum and Articles of Association of Destini resulting from the Proposed Capital Reduction ("Proposed Amendment").

(collectively referred to as the "Proposed Restructuring Scheme" or "Proposals")

Bursa Securities has also resolved to approve the following:-

- i. the listing of 200,000,000 Rights Shares to be issued pursuant to the Proposed Rights Issue; and
 - ii. the listing of 50,000,000 Settlement Shares to be issued pursuant to the Proposed Capitalisation.
- v. On 12 September 2012 Destini Berhad Renounceable Rights Issue of 200,000,000 new ordinary shares of RM0.10 each ("Rights Share(s)") at an issue price of RM0.10 per Rights Share on the basis of 5 Rights Shares for every 2 existing ordinary shares ("Renounceable Rights Issue") and Issuance of 50,000,000 new ordinary shares of RM0.10 each in DESTINI pursuant to the debts settlement of RM5,000,000 owing to BPH Capital Sdn Bhd ("Debts Settlement") were duly completed.

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B7. Group Borrowings and Debt Securities

Group borrowings, all of which are Ringgit Malaysia (RM) denominated were as follows:

B7.1 Short Term Borrowings

<u>Secured</u>	30-Sept-12 RM '000	30-Sept-11 RM '000
Hire Purchase Payables	92	152
Total	78	131

B7.2 Long Term Borrowings

<u>Secured</u>	30-Sept-12 RM '000	30-Sept-11 RM '000
Hire Purchase Payables	503	305
	-	-
Total	503	305

B8. Material Litigation

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

B9. Dividends

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

B10. Notes to the Statement of Comprehensive Income

	Individual quarter 30-09-12 RM '000	Year to date 30-09-12 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	150	424
Provision for doubtful debts/(recoverable)	0	(1,324)
Share of profit in Associate company	(38)	(182)

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B12. Earnings / (loss) Per Share

The basic earnings / (loss) 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 Period
	30-Sept-12 RM'000	30-Sept-11 RM'000	30-Sept-12 RM'000	30-Sept-11 RM'000
Net profit for the quarter (RM'000)	749	1,353	2,633	7,839
Weighted average number of ordinary shares ('000) in issue	145,217	80,000	76,284	80,000
Basic earnings per share (sen)	0.52	1.69	3.32	9.61

B.13 Limited Review

The company's external auditors have performed a limited review on this quarterly report announcement.

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
Managing Director

Date: