

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 2012, 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 2012.

The financial statements of the Group has been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with MFRS, IFRS and the Companies Act, 1965 in Malaysia.

During the financial period, the Group has 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:-

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119 (2011)	Employee Benefits
MFRS 127 (2011)	Separate Financial Statements
MFRS 128 (2011)	Investments in Associates and Joint Ventures
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRSs contained in the document entitled “Annual Improvements 2009 – 2011 Cycle”	

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

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 March 2013

A1. Significant Accounting Policies (Cont'd)

The Group has 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:-

		<u>Effective date for financial periods beginning on or after</u>
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*

A2. Audit Report

The annual financial statement of the Company for the year ended 31 December 2012 was reported on without qualification.

A3. Seasonal or cyclical factors

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

A4. Items of unusual nature and amount

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

A5. Material changes in estimates

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

A6. Issuance or Repayment of Debt or Equity Securities

There is no issuance or repayment of debt or equity securities, share buybacks, share cancellations, shares held as treasury shares or resale of treasury shares in the financial quarter, other than disclosed as follows:

During the current financial quarter the Company issued additional 33,000,000 new ordinary shares of RM0.10 each at and exercise of RM0.30 pursuant to the private placement exercise.

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

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A6. Issuance or Repayment of Debt or Equity Securities (Cont'd)

	No. of shares Issued and fully paid up ordinary shares of RM0.10 each '000	Share Capital RM'000	Share Premium RM'000	Total RM'000
As at January 2013	330,000	33,000	2,111	35,111
Share issuance for private placement	33,000	3,300	6,600	9,900
Share issuance expenses	-	-	(99)	(99)
As at 31 March 2013	363,000	36,300	8,612	44,912

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	
	31.03.13	31.03.12	31.03.13	31.03.12
	RM'00	RM'000	RM'000	RM'000
Segment revenue				
- Services and Trading	9,134	8,380	9,134	8,380
- Manufacturing	8,631	-	8,631	-
Elimination of inter-segment sales	(1,427)	-	(1,427)	-
Total	16,338	8,380	16,338	8,380
Segment Result				
- Services and Trading	1,843	1,436	1,843	1,436
- Manufacturing	1,080	-	1,080	-
Profit after tax	2,923	1,436	2,923	1,436

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A8. Segmental Analysis (Cont'd)

b) Analysis by Geographical Area

	Current Quarter & Cumulative Quarter			
	3 month ended 31 March 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External Sale	9,134	8,631	-	16,338
Inter Segment	-	-	-	-
Total	9,134	8,631	-	16,338
	Preceding Quarter & Preceding Cumulative Quarter			
	3 month ended 31 March 2012			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External Sale	8,380	-	-	8,380
Inter Segment	-	-	-	-
Total	8,380	-	-	8,380

	31 March 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	49,803	34,904	(1,008)	83,699
Segment liabilities	7,724	11,197	1,008	19,929
Depreciation	179	25	-	204
	31 March 2012			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	35,654	-	-	35,654
Segment liabilities	17,560	-	-	15,560
Depreciation	37	-	-	37

A9. Valuation of property, plant and equipment

There was no valuation of property 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:

- (i) On 22 January 2013 received a letter of award from the MINDEF awarding DPSB an extension of contract with MINDEF for the service and/or maintenance and supply of articles, components and spares, explosive publication, test equipment, ground support and special tools of safety and survival equipment to the Malaysian Army Aviation (PUTD) for a period of three (3) years from 27 November 2012 to 26 November 2015 with additional ceiling limit of RM4 million.

A11. Changes in Composition of the Group

On 6 March 2013, one of the subsidiaries, Vanguard Composite Engineering Pte Ltd (“VCEPL”) acquired 2 ordinary shares of RM1.00 each in the capital of Fleet Composite Sdn Bhd (“FCSB”) for a total consideration of RM2. Following the acquisition, FCSB became a wholly-owned subsidiary of VCEPL.

A12. Significant Events Subsequent To the Financial Quarter

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

(i) Proposed Acquisition of Subsidiaries:

On 3 April 2013, the Company entered into four (4) separate Heads of Agreement (“HOAs”) in relations to the proposed acquisitions of the entire issued and paid-up share capital (“sale shares”) of the following companies (“Target Company” or collectively the “Techno Fibre Companies”) with the respective parties as set out in the table below (“vendor”) at the following indicative purchase considerations (“Proposed Acquisitions”).

<i>Target Company</i>	<i>Vendors</i>	<i>Purchase consideration RM'000</i>
Techno Fibre Australia Pty Ltd	Ramesh Ramasamy	2,667
	Cecilia Jayaraman Sakaran	17,709
	Krishnan Vijayan	5,241
Techno Fibre Middle East Marine Services FZE	Ramesh Ramasamy Navis Limited	17,709
Techno Fibre International Sdn Bhd	Shamsudin Bin Abdul Wahab Jamaludin Bin Salaiman	5,241
Techno Fibre (S) Pte Ltd	Ramesh Ramasamy Shamsudin Bin Abdul Wahab	16,750

A12. Significant Events Subsequent To the Financial Quarter (Cont'd)

(i) Proposed Acquisition of Subsidiaries (Contd'):

The above total indicative purchase consideration for the Sale Shares (“Purchase Consideration(s)”) shall be satisfied entirely via the issuance of new ordinary shares of RM0.10 each in Destini (“Destini Shares”) (“Consideration Shares”) to the Vendors (or their nominees) at an issue price of RM0.30 each.

The Purchase Considerations are indicative at this juncture and may be subject to adjustments depending on the outcome of the due diligence to the conducted on Techno Fibre Companies. The Purchase Considerations shall be finalised upon the execution of the Sales and Purchase agreements. Subject to the fulfilment of the Condition Precedents in HOAs, the completion of the Proposed Acquisition shall occur within three (3) months from the date of HOAs or such other extended period to be agreed between the parties.

The Proposed Acquisitions are subject to the following approval:

- (a) Bursa Securities for the listing of and quotation for the Consideration Shares;
 - (b) Shareholders of the Company at an Extraordinary General Meeting to be convened; and
 - (c) Any other relevant authorities and/ or third parties, if required.
- (i) On 10 April 2013, the Company announced that the Company has from the period commencing 22 January 2013 to 2 April 2013 acquired from the open market an aggregate of 10,323,100 ordinary shares of RM0.10 in SMR Technologies Berhad ("SMR") ("SMR Shares") for a total purchase consideration of approximately RM2,411,799.31.

A13. Contingent Liabilities or Assets

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

	Year to Date 31-Mar-13 RM '000	Year to Date 31-Dec-12 RM '000
Banker’s guarantees in favour of the local authorities for the purpose of development projects		
- Secured	3,949	3,949

A14. Capital Commitments

	Year to Date 31-Mar-13 RM '000	Year to Date 31-Dec-12 RM '000
Approved and contracted for :		
- Property, plant and equipment	11,800	-

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A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter ended 31 March 2013.

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

B1. Review of Performance - Current Quarter Profitability against Preceding Quarter

The Group recorded a turnover of RM16.34million and net profit of RM2.92 million compare to a turnover of RM8.38 million and a net profit of RM1.44 million for the preceding year corresponding period.

Higher revenue and profit before tax as compared to the preceding quarter mainly due to the acquisition subsidiaries in December 2012.

B2. 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 2013 will be satisfactory.

B3. Profit Forecast and Profit Guarantee

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

B4. Taxation

Individual Quarter		Cumulative Quarter	
Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
31-Mar-13 RM '000	31-Mar-12 RM '000	31-Mar-13 RM '000	31-Mar-12 RM '000
Current taxation	(269)	-	(269)

B5. Corporate Proposals

There was no other corporate proposals announce but not yet completed as at the date of this quarterly report, other than disclosed as follow:

- (i) On 3 April 2013, the Company entered into four (4) separate Heads of Agreement ("HOAs") in relations to the proposed acquisitions of the entire issued and paid-up share capital ("sale shares") of the following companies ("Target Company" or collectively the "Techno Fibre Companies") with the respective parties as set out in the table below ("vendor") at the following indicative purchase considerations ("Proposed Acquisitions").

B5. Corporate Proposals (Cont'd)

Target Company	Vendors	Purchase consideration RM'000
Techno Fibre Australia Pty Ltd	Ramesh Ramasamy	2,667
	Cecilia Jayaraman Sakaran	17,709
	Krishnan Vijayan	5,241
Techno Fibre Middle East Marine Services FZE	Ramesh Ramasamy Navis Limited	17,709
Techno Fibre International Sdn Bhd	Shamsudin Bin Abdul Wahab Jamaludin Bin Salaiman	5,241
Techno Fibre (S) Pte Ltd	Ramesh Ramasamy Shamsudin Bin Abdul Wahab	16,750

The above total indicative purchase consideration for the Sale Shares (“Purchase Consideration(s)”) shall be satisfied entirely via the issuance of new ordinary shares of RM0.10 each in Destini (“Destini Shares”) (“Consideration Shares”) to the Vendors (or their nominees) at an issue price of RM0.30 each.

The Purchase Considerations are indicative at this juncture and may be subject to adjustments depending on the outcome of the due diligence to be conducted on Techno Fibre Companies. The Purchase Considerations shall be finalised upon the execution of the Sales and Purchase agreements. Subject to the fulfilment of the Condition Precedents in HOAs, the completion of the Proposed Acquisition shall occur within three (3) months from the date of HOAs or such other extended period to be agreed between the parties.

The Proposed Acquisitions are subject to the following approval:

- (a) Bursa Securities for the listing of and quotation for the Consideration Shares;
- (b) Shareholders of the Company at an Extraordinary General Meeting to be convened; and
- (c) Any other relevant authorities and/ or third parties, if required.

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B6. Group Borrowings and Debt Securities

Group borrowings were as follows:

B6.1 Short Term Borrowings

<u>Secured</u>	31-Mar-13 RM '000	31-Mar-12 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	88	85
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	1,765	-
<i>Denominated in Singapore Dollars (SGD):</i>		
Bank Overdraft	657	-
Total	2,510	85

B6.2 Long Term Borrowings

<u>Secured</u>	31-Mar-13 RM '000	31-Mar-12 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	584	290
Total	584	290

B7. 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.

B8. Dividends

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

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B9. Notes to the Statement of Comprehensive Income

	Individual quarter 31-03-13 RM '000	Year to date 31-03-13 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	204	204
Reversal of impairment loss on receivable	(1,500)	(1,500)

B10. 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 Period
	31-Mar-13 RM'000	31-Mar-12 RM'000	31-Mar-13 RM'000	31-Mar-12 RM'000
Attributable to owners of parent (RM'000)	2,411	1,436	2,411	1,436
Weighted average number of ordinary shares ('000) in issue	356,033	80,000	356,033	80,000
Basic earnings per share (sen)	0.68	1.80	0.68	1.80

B11. Disclosure of Realised and unrealised profit

Year to Date 31-Mar-13 RM'000	Year to Date 31- Dec- 12 RM'000
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Total accumulated losses of the Company and its subsidiaries

- Realised	(29,077)	(31,990)
Less : consolidation adjustments	43,111	43,613
Total retained profits	14,034	11,623

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 March 2013

B.12 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: