



# DESTINI BERHAD

## ENTERPRISE RISK MANAGEMENT

### SUMMARY OF STATUS OF THE STEPS TAKEN/TO BE TAKEN BY THE BOARD OF DIRECTORS OF DESTINI

Pursuant to condition (v) of the approval letter dated 22 September 2011 by Bursa Malaysia Securities Berhad and with reference to the circular to shareholders of Destini Berhad ("Destini") dated 26 April 2012, a summary of the status of the high risk areas in the business processes of Destini and its subsidiaries ("Destini Group" or "Group") identified by Grant Thornton Consulting Sdn Bhd ("Grant Thornton") in their updated enterprise risk management report dated August 2013 is set out as follows:-

#### i. Strategic Management & Governance

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	High Turnover of Senior/Top Management	Satisfactory*	Satisfactory*
2.	Poor Investment Decision	Satisfactory	Satisfactory
3.	Unsuccessful Regularisation Plan	Satisfactory	Satisfactory
4.	Ineffective Internal Control System	Satisfactory*	Satisfactory
5.	Reputational Risk	Satisfactory	Satisfactory
6.	Non-Compliance with Statutory Requirements	Satisfactory	Satisfactory
7.	Absence of Group Business Plan	Satisfactory	Satisfactory
8.	Threat from New Product in Market	Satisfactory	Satisfactory
9.	Lack of Support from Financial Institution	Satisfactory	Satisfactory
10.	Loss of OEM and Key Suppliers	Satisfactory	Satisfactory
11.	Overdependence on a contract with Malaysian government related agency	Satisfactory	Satisfactory
12.	Violation of Contract Covenant	Satisfactory	Satisfactory
13.	Limitation of Internal Audit Scope	Satisfactory*	Satisfactory
14.	Risk of Unfavourable Credit Rating	Satisfactory	Satisfactory
15.	Untimely Reporting to the Authorities	Satisfactory	Satisfactory
16.	Changes in Government Budget	Satisfactory	Satisfactory
17.	Entrance of New Competitor	Satisfactory*	Satisfactory*
18.	Absence of Business Continuity Plan	Satisfactory*	Satisfactory*

**ii. Finance**

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	Inaccurate Financial Results Submitted to Authority	Satisfactory	Satisfactory
2.	Ineffective Management of Receivables	Satisfactory*	Satisfactory*
3.	Weak Management of Fixed Assets/Capital Assets	Satisfactory*	Satisfactory*
4.	Data Security Threats due to IT Problems	Satisfactory	Satisfactory

**iii. Human Resource**

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	Low Morale among Staff	Satisfactory*	Satisfactory*
2.	Lack of Training Program	Satisfactory	Satisfactory
3.	Succession Planning and Retention of Skilled Staff	Satisfactory*	Satisfactory*
4.	Dependence on Key/Senior Staff	Satisfactory*	Satisfactory

**iv. Information Technology**

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	Inadequate System Back up	Satisfactory	Satisfactory
2.	Server Down due to Improper Maintenance	Satisfactory	Satisfactory
3.	Safety of Server Room	Satisfactory*	Satisfactory*

**v. Operations**

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	Delay in Customer Delivery	Satisfactory	Satisfactory

**vi. Corporate Affairs**

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	Absence of Panel Solicitor/Qualified In-House Legal Advisor	Satisfactory	Satisfactory

**vii. Logistics**

No.	Risk	Classification	
		Status as at April 2013	Status as at August 2013
1.	Improper Transportation of Dangerous Goods	Satisfactory	Satisfactory

Classification noted with “\*” represents the following:

- With point of recommendation to consider for further improvement; and/or
- Follow up is required in seeing through the completion of actions/measures taken.

**Grant Thornton's Conclusion based on the ERM report dated August 2013**

Based on Grant Thornton's review, the Group has taken sufficient steps and measures to mitigate and address all significant and high risks identified in the ERM report.

The management should continuously monitor the progress of the action plan and assess the degree of change in the organisation's residual risk position on an on-going basis and utilise the risk profile described in the ERM report to support their strategic planning process.



## **DESTINI BERHAD**

### **ENTERPRISE RISK MANAGEMENT**

#### **Audit Committee's Opinion**

Audit Committee is of the opinion that the management has taken sufficient steps and measures that:

1. The risks have been mitigated, controlled and addressed as identified in the ERM report dated August 2013; and
2. Corporate governance of the Group has been strengthened and the Audit Committee is pleased to note that there are no "High risk" identified.

Audit Committee noted that there are no major or material issues highlighted in the ERM report. However, in order to provide reasonable assurance on the risk areas classified as "Satisfactory", the management will ensure that all the steps taken/ to be taken for the risk areas be fully and continuously implemented, controlled and monitored accordingly to ensure that the risk areas' status are maintained.