

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

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	Share Capital	Share Premium	Total
	'000	RM'000	RM'000	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	-	-	(36)	(36)
As at 30 June 2013	363,000	36,300	8,675	44,975

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	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'00	RM'000	RM'000	RM'000
Segment revenue				
- Services and Trading	15,766	12,292	24,901	20,671
- Manufacturing	6,967	-	14,170	-
Total	22,733	12,292	39,071	20,671
Segment Result				
- Services and Trading	443	350	2,285	1,786
- Manufacturing	132	-	1,213	-
Profit after tax	575	350	3,498	1,786

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A8. Segmental Analysis (Cont'd)

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 30 June 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External Sale	15,766	6,967	-	22,733
Inter Segment	-	-	-	-
Total	15,766	6,966	-	22,733

	Preceding Quarter			
	3 months ended 30 June 2012			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External Sale	12,292	-	-	12,292
Inter Segment	-	-	-	-
Total	12,292	-	-	12,292

	Cumulative Quarter			
	6 months ended 30 June 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External Sale	24,901	14,170	-	39,071
Inter Segment	-	-	-	-
Total	24,901	14,170	-	39,071

	Preceding Cumulative Quarter			
	6 months ended 30 June 2012			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External Sale	20,671	-	-	20,671
Inter Segment	-	-	-	-
Total	20,671	-	-	20,671

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	30 June 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	46,313	38,973	1,009	86,295
Segment liabilities	5,365	17,361	(1,009)	21,717
Depreciation	362	56	-	418
	31 June 2012			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	36,235	-	-	36,235
Segment liabilities	18,800	-	-	18,800
Depreciation	282	-	-	282

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 2 January 2013, entered into a sale and purchase agreement with CSL Manufacturing (M) Sdn Bhd for the proposed acquisition of the Property bearing the postal address at No. 10, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, for a cash consideration of RM14,800,000 ("Proposed Acquisition").
- (ii) 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.
- ii) 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").

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<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

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.
- iii) 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.
 - iv) On 23 April 2013 Bursa Malaysia Securities Berhad has approved the upliftment of the company from being classified as a PN17 Company.
 - v) 30 April 2013, accepted a letter of award from Ministry of Defence Malaysia for the supply and maintenance of safety survival equipment to the Royal Malaysian Navy for a total contract sum of RM3,000,000.00 (“the Contract”). The Contract is for the period of three (3) years commencing from 30 April 2013 to 31 March 2016.

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- vi) On 4 June 2013 The Company has entered into a supplemental agreement with CSL Manufacturing (M) Sdn Bhd for the proposed acquisition of the Property bearing the postal address at No. 10, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, ("Supplemental SPA") to extend the Payment Deadline from 1 June 2013 until 1 August 2013 for the subject to the following payments being made by the Company to the Vendor upon the execution of the Supplemental SPA:-
- (i) RM1,000,000, being part payment of the Balance Purchase Price, reducing the Balance Purchase Price to RM10,800,000 ("New Balance Purchase Price");
 - (ii) RM157,334, being late payment interest on the Balance Purchase Price calculated at 8% per annum for the period from 1 April 2013 to 1 June 2013 in accordance with the terms of the SPA;
 - (iii) RM140,000, being rental in advance of the Property for the month of June 2013 and July 2013 ("Advance Rental"); and
 - (iv) RM180,000, being interest in advance on the New Balance Purchase Price for a period of two (2) months commencing from 1 June 2013 until 1 August 2013 ("Advance Interest").

In the event that the Company pays the New Balance Purchase Price earlier than 1 August 2013, the Advance Rental and Advance Interest shall be pro-rated accordingly and the balance be refunded to the Company within 7 days. Save for the above, the other terms and conditions of the SPA remain unchanged.

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) On 2 July 2013 Destini entered into four (4) separate conditional sale and purchase agreements ("SPAs") for the proposed acquisitions of the entire issued and paid-up share capital of TF Australia, TF Middle East, TF Malaysia and TF Singapore.
- ii) 10 July 2013 Destini entered into four (4) separate conditional sale and purchase agreements ("SPAs") for the proposed acquisitions of the entire issued and paid-up share capital of TF Australia, TF ME, TF Malaysia and TF Singapore for a total purchase consideration of RM39,117,000 to be satisfied entirely via the issuance of 130,390,000 new ordinary shares of RM0.10 each in Destini ("Destini Share") at an issue price of RM0.30 per Destini Share.

The Company proposes to undertake a bonus issue of 242,000,000 free Warrants on the basis of two (2) free Warrants for every three (3) existing Destini Shares held on an entitlement date to be determined later.

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- iii) On 11 July 2013 Destini announced that the listing application for the Consideration Shares in relation to the Proposed Acquisitions, the Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants and the new Destini Shares to be issued arising from the exercise of the Warrants has been submitted to Bursa Malaysia Securities Berhad
- iv) On 31 July 2013 the acquisition of the Property bearing the postal address at No. 10, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan completed.
- v) On 7 August 2013 Destini Berhad entered into a Heads of Agreement ("HOA") in relation to the proposed acquisition of the entire issued and paid-up share capital of Samudra Oil Services Sdn Bhd ("Samudra Oil") ("Sale Share") with Kejuruteraan Samudra Timur Berhad ("KTSB") ("Vendor") at the indicative purchase consideration of RM80.00 million ("Purchase Consideration") to be satisfied entirely via the issuance of 228,571,428 new ordinary shares of RM0.10 each in Destini ("Destini Share(s)" or "Share(s)") at an issue price of RM0.35 each ("Consideration Shares") ("Proposed Acquisition").

A13. Contingent Liabilities or Assets

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

Banker's guarantees in favour of the local authorities for the purpose of development projects
 - Secured

Year to Date 30-June-13 RM '000	Year to Date 31-Dec-12 RM '000
3,949	3,949

A14. Capital Commitments

Approved and contracted for :
 - Property, plant and equipment

Year to Date 31-June-13 RM '000	Year to Date 31-Dec-12 RM '000
11,800	-

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter ended 30 June 2013.

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 revenue of RM39.07 million and profit before tax of RM4.75 million compare to a revenue of RM20.67 million and a profit before tax of RM1.79 million for the preceding year corresponding period.

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

B2. Review of Current Quarter against Preceding Quarter

The Group achieved a revenue of RM22.73 million and profit before tax of RM1.55 million compare to a revenue of RM12.29 million and a profit before tax of RM0.35 million for the preceding year corresponding period.

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

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 2013 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-June-13 RM '000	30-June-12 RM '000	30-June-13 RM '000	30-June-12 RM '000
Current taxation	(979)	-	(1,248)	-

B6. 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").

Target Company	Vendors	Purchase consideration RM'000
Techno Fibre Australia Pty Ltd	Ramesh Ramasamy	2,667
	Cecilia Jayaraman Sakaran	17,709
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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 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:

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

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- ii) On 7 August 2013 Destini Berhad entered into a Heads of Agreement ("HOA") in relation to the proposed acquisition of the entire issued and paid-up share capital of Samudra Oil Services Sdn Bhd ("Samudra Oil") ("Sale Share") with Kejuruteraan Samudra Timur Berhad ("KTSB") ("Vendor") at the indicative purchase consideration of RM80.00 million ("Purchase Consideration") to be satisfied entirely via the issuance of 228,571,428 new ordinary shares of RM0.10 each in Destini ("Destini Share(s)" or "Share(s)") at an issue price of RM0.35 each ("Consideration Shares") ("Proposed Acquisition").

B6. Group Borrowings and Debt Securities

Group borrowings were as follows:

B6.1 Short Term Borrowings

<u>Secured</u>	31-June-13 RM '000	31-June-12 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	89	78
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	1,811	-
Total	1,900	78

B6.2 Long Term Borrowings

<u>Secured</u>	31-June-13 RM '000	31-June-12 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	562	273
Total	562	273

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.

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B8. Dividends

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

B9. Notes to the Statement of Comprehensive Income

	Individual quarter 30-June-13 RM '000	Year to date 30-June-13 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	214	418
Reversal of impairment loss on receivable	(47)	(1,547)

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 30-June-13 RM'000	Preceding Year Corresponding Quarter 30-June-12 RM'000	Current Year To Date 30-June-13 RM'000	Preceding Year Corresponding Period 30-June-12 RM'000
Attributable to owners of parent (RM'000)	514	350	2,926	1,785
Weighted average number of ordinary shares ('000) in issue	363,000	80,000	359,536	80,000
Basic earnings per share (sen)	0.14	0.44	0.81	2.23

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B11. Disclosure of Realised and unrealised profit

	Year to Date 30-June-13 RM'000	Year to Date 31- Dec- 12 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(28,219)	(31,990)
Less : consolidation adjustments	42,768	43,613
Total retained profits	14,549	11,623

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
Managing Director