

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 2013, 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 2013.

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 Malaysia Financial Reporting Standards (“MFRSs”), revised MFRSs, Issues Committee (“IC”) Interpretations and amendments to MFRSs, issued by the Malaysian Accounting Standards Board (“MASB”) 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, 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 <u>beginning on or after</u>
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 2013 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.

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

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Mar 2014

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 1 January 2014	493,390	49,339	32,606	81,945
Share issuance expenses	-	-	(4)	(4)
As at 31 Mar 2014	493,390	49,339	32,602	81,941

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	
	31.03.14	31.03.13	31.03.14	31.03.13
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	15,882	9,134	15,882	9,134
- Manufacturing	13,188	8,631	13,188	8,631
Elimination of inter-segment	-	(1,427)	-	(1,427)
Total	29,070	16,338	29,070	16,338
Segment result				
- Services and trading	2,744	1,843	2,744	1,843
- Manufacturing	1,195	1,080	1,195	1,080
Profit after tax	3,939	2,923	3,939	2,923

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A8. Segmental Analysis (Cont'd)

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 31 Mar 2014			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	15,882	13,188	-	29,070
Inter segment	-	-	-	-
Total	15,882	13,188	-	29,070

	Preceding Quarter			
	3 months ended 31 Mar 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	9,134	8,631	(1,427)	16,338
Inter segment	-	-	-	-
Total	9,134	8,631	(1,427)	16,338

	Cumulative Quarter			
	3 months ended 31 Mar 2014			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	15,882	13,188	-	29,070
Inter segment	-	-	-	-
Total	15,882	13,188	-	29,070

	Preceding Cumulative Quarter			
	3 months ended 31 Mar 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	9,134	8,631	(1,427)	16,338
Inter segment	-	-	-	-
Total	9,134	8,631	(1,427)	16,338

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	31 Mar 2014			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	67,775	107,212	-	174,987
Segment liabilities	22,983	37,555	-	60,538
Depreciation	314	102	-	416
	31 Mar 2013			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	49,803	34,904	(1,008)	83,669
Segment liabilities	7,724	11,197	1,008	9,929
Depreciation	179	25	-	204

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:

- i) Destini Berhad at its Extraordinary General Meeting held on 10 February 2014 approved all the resolutions as follows:
 - 1) Proposed acquisition by Destini of the entire issued and paid up share capital of Samudra Oil Services Sdn Bhd from the Vendor for a purchase consideration of RM80,000,000 to be fully satisfied via the issuance of 228,571,428 new Destini Shares at an issue price of RM0.35 per Destini Share.
 - 2) Proposed establishment of an employees' share option scheme ("ESOS") of up to 15% of the issued and paid-up share capital of the Company and proposed allocation of ESOS Option to the Directors of Destini.
 - 3) Proposed increase in the authorised share capital of Destini from RM100,000,000 comprising 1,000,000,000 Destini Shares to RM150,000,000 comprising 1,500,000,000 Destini Shares;
 - 4) Proposed amendments to the memorandum and articles of association of Destini.
- ii) On 5 March 2014, Destini Berhad entered into a Share Purchase and Subscription Agreement ("SSA") with Mah Sook Hing ("Vendor") and Green Pluslink Sdn Bhd ("GPSB") for the acquisition of 2,500,000 ordinary shares of RM1.00 each in GPSB from the Vendor for a total purchase consideration of RM1,700,000.00 and to subscribe for additional 200,000 new ordinary shares of RM1.00 each in GPSB at the subscription price of RM2,400,000.00 which to be satisfied entirely via cash.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Mar 2014

- iii) Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini, had on 31 March 2014, accepted a letter of award from Ministry of Defence Malaysia for the appointment as one of the panel to supply the spare parts for “Non-Proprietary” aircraft for the Royal Malaysian Air Force for a total contract sum of RM98.85 million for the period of three (3) years (“the Contract”).

A11. Changes in Composition of the Group

There 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 significant events took place for the Company and its subsidiaries:

- i) On 3 April 2014, 228,571,428 Destini Shares issued to KSTB to satisfy the purchase consideration for the Acquisition were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ,marking the completion of the Acquisition.
- ii) On 18 April 2014, Destini Berhad announced that the company had offered and granted options to eligible persons to subscribe for new ordinary shares of RM0.10 each in the Company (“Options”) under the Employees’ Share Option Scheme of the Company (“ESOS”).
- iii) On 9 May 2014, Destini Bhd announced that the Company proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of Destini; and on 22 May 2014 the company announced that company has fixed an issue price of RM0.60 for each new ordinary share of RM0.10 each in Destini (“Destini Share(s)”) (“Placement Share(s)”) for 72,000,000 Placement Shares.

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-14 RM ‘000	Year to Date 31-Dec-13 RM ‘000
Banker’s guarantees in favour of the local authorities for the purpose of development projects		
- Secured	2,085	3,777

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A14. Capital Commitments

Approved and contracted for :
- Acquisition of Subsidiaries

Year to Date 31-Mar-14 RM '000	Year to Date 31-Dec-13 RM '000
82,400	-

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter ended 30 Mar 2014.

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

B1. Review of Performance; and Review of Current Quarter against Preceding Quarter

The Group recorded revenue of RM29.07 million and profit before tax of RM4.37 million compare to revenue of RM16.34 million and a profit before tax of RM3.19million 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 new acquisition subsidiary namely Techno Fibre Groups.

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 2014 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-14 RM '000	31-Mar-13 RM '000	31-Mar-14 RM '000	31-Mar-13 RM '000

Current taxation	(433)	(269)	(433)	(269)
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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 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 with Kejuruteraan Samudra Timur Berhad ("KTSB") at the indicative purchase consideration of RM80.00 million to be satisfied entirely via the issuance of 228,571,428 new ordinary shares of RM0.10 each in Destini at an issue price of RM0.35 each. The Corporate Exercise was approved by Bursa and in EGM dated 10 February 2014

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On 3 April 2014, 228,571,428 Destini Shares issued to KSTB to satisfy the purchase consideration for the Acquisition were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ,marking the completion of the Acquisition.

- iv) On 9 May 2014, Destini Bhd announced that the Company proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of Destini; and on 22 May 2014 the company announced that company has fixed an issue price of RM0.60 for each new ordinary share of RM0.10 each in Destini ("Destini Share(s)") ("Placement Share(s)") for 72,000,000 Placement Shares.

B7. Group Borrowings and Debt Securities

Group borrowings were as follows:

B7.1 Short Term Borrowings

<u>Secured</u>	31-Mar-14 RM '000	31-Mar-13 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	259	88
Overdraft	592	-
Bank Borrowing	764	-
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase Payables	52	-
Bank Borrowing	2,594	657
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	1,853	1,765
Total	6,114	2,510

B7.2 Long Term Borrowings

<u>Secured</u>	31-Mar-14 RM '000	31-Mar-13 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	861	584
Term Loan	9,797	-
<i>Denominated in Singapore Dollar (SGD):</i>		
Bank Borrowing	29	-
Total	10,687	584

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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.

B10. Notes to the Statement of Comprehensive Income

	Individual quarter 30-Mar-14 RM '000	Year to date 30-Mar-13 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	417	204
Reversal of impairment loss on receivables	-	(1,500)
Impairment gain on other investment	1,897	-

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 Period
	31-Mar-14 RM'000	31-Mar-13 RM'000	31-Mar-14 RM'000	31-Mar-13 RM'000
Attributable to owners of parent (RM'000)	3,084	2,411	3,084	2,411
Weighted average number of ordinary shares ('000) in issue	493,390	356,033	493,390	356,033
Basic earnings per share (sen)	0.63	0.68	0.63	0.68

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B12. Disclosure of Realised and unrealised profit

	Year to Date 31-Mar-13 RM'000	Year to Date 31- Dec- 13 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(18,762)	(20,091)
Less : consolidation adjustments	41,684	39,929
Total retained profits	22,922	19,838

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
Managing Director