



DESTINI BERHAD (Company No : 633265 K)

**SUMMARY OF KEY FINANCIAL INFORMATION**

**FOR THE FOURTH QUARTER ENDED 31 DEC 2016**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-16 RM ' 000	31-Dec-15 RM ' 000	31-Dec-16 RM ' 000	31-Dec-15 RM ' 000
1. Revenue	115,441	90,861	354,426	270,056
2. Profit before tax	20,997	12,742	46,330	25,690
3. Net Profit for the financial period	11,939	6,500	31,147	17,244
4. Profit after tax and non-controlling interest	11,985	9,527	33,001	21,082
5. Basic earnings per share (sen)	1.17	1.10	3.30	2.57
6. Net dividend per share ( sen )	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (sen)	48.05	39.53



DESTINI BERHAD (Company No : 633265 K)

**ADDITIONAL INFORMATION**

**FOR THE FOURTH QUARTER ENDED 31 DEC 2016**

**INDIVIDUAL PERIOD**

**CUMULATIVE PERIOD**

	<b>CURRENT YEAR QUARTER</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER</b>	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD</b>
	<b>31-Dec-16 RM ' 000</b>	<b>31-Dec-15 RM ' 000</b>	<b>31-Dec-16 RM ' 000</b>	<b>31-Dec-15 RM ' 000</b>
<b>1. Profit from operations</b>	<b>22,100</b>	<b>13,618</b>	<b>49,544</b>	<b>28,474</b>
<b>2. Gross interest income</b>	<b>210</b>	<b>80</b>	<b>237</b>	<b>140</b>
<b>3. Gross interest expense</b>	<b>(1,298)</b>	<b>(620)</b>	<b>(2,896)</b>	<b>(2,528)</b>

QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FOURTH QUARTER ENDED 31 DEC 2016

<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	As at 31-Dec-16  RM'000	As at 31-Dec-15 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	106,976	94,916
Land use rights	1,790	1,879
Investment in jointly control entity	-	319
Intangible Assets	197,183	196,756
Investment in quoted share	1,820	2,444
Other investments	320	320
	<b>308,089</b>	<b>296,634</b>
<b>CURRENT ASSETS</b>		
Inventories	12,505	13,782
Trade receivables	176,494	118,679
Other receivables and deposits	111,741	24,853
Amount owing by jointly control entity	633	591
Tax recoverable	2,029	402
Deposit with licensed bank	47,027	31,816
Cash and bank balances	21,744	12,064
	<b>372,173</b>	<b>202,187</b>
<b>TOTAL ASSETS</b>	<b>680,262</b>	<b>498,821</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL</b>	115,523	91,667
<b>SHARE PREMIUM</b>	267,284	195,717
<b>TRANSLATION RESERVE</b>	14,084	11,995
<b>RETAINED PROFITS</b>	84,303	51,302
<i>Equity attributable to owners of the parent</i>	<b>481,194</b>	<b>350,681</b>
<b>NON-CONTROLLING INTEREST</b>	<b>(1,723)</b>	<b>(252)</b>
<i>Total Equity</i>	<b>479,471</b>	<b>350,429</b>
<b>LONG TERM LIABILITIES</b>		
Preferences shares	3,455	-
Deferred taxation	5,229	3,070
Hire purchase payables	2,017	2,383
Bank borrowings	65,781	21,438
	<b>76,482</b>	<b>26,891</b>
<b>CURRENT LIABILITIES</b>		
Amount owing to customer on contract	859	40,521
Trade payables	66,594	35,228
Other payables and accruals	21,483	10,506
Hire purchase payables	653	622
Bank borrowings	16,546	21,618
Tax Payable	18,174	13,006
	<b>124,309</b>	<b>121,501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>680,262</b>	<b>498,821</b>
<b>Net assets per share attributable to owners of the parent ( sen )</b>	<b>48.05</b>	<b>39.53</b>
Weighted average number of ordinary shares ('000 units)	1,001,364	887,031
Enlarged number of ordinary shares in issue ('000 units)	1,155,230	916,667

1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes to the quarterly report.



DESTINI BERHAD (Company No : 633265 K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DEC 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-16 RM'000	31-Dec-15 RM'000	31-Dec-16 RM'000	31-Dec-15 RM'000
Revenue	115,441	90,861	354,426	270,056
Cost of sale	(73,466)	(57,846)	(237,612)	(185,247)
<b>Gross profit</b>	<b>41,975</b>	<b>33,015</b>	<b>116,814</b>	<b>84,809</b>
Other income	2,957	1,161	4,876	2,210
Administrative expenses	(20,252)	(19,225)	(62,483)	(53,795)
Depreciation	(2,580)	(1,333)	(9,663)	(4,750)
Profit from operations	22,100	13,618	49,544	28,474
Finance cost	(1,298)	(620)	(2,896)	(2,528)
Share of result of associates/JV	195	(256)	(318)	(256)
Profit before tax	<b>20,997</b>	<b>12,742</b>	<b>46,330</b>	<b>25,690</b>
Taxation	(9,058)	(6,242)	(15,183)	(8,446)
<b>Net profit for the financial period</b>	<b>11,939</b>	<b>6,500</b>	<b>31,147</b>	<b>17,244</b>
<b>Other comprehensive income</b>				
- Exchange Translation differences	835	3,601	2,089	8,183
<b>Other comprehensive income for the financial period</b>	<b>835</b>	<b>3,601</b>	<b>2,089</b>	<b>8,183</b>
<b>Total comprehensive income for the financial period</b>	<b>12,774</b>	<b>10,101</b>	<b>33,236</b>	<b>25,427</b>
<b>Net Profit for the financial period attributable to:</b>				
Owners of the parent	11,985	9,527	33,001	21,082
Non-controlling interests	(46)	(3,027)	(1,854)	(3,838)
	<b>11,939</b>	<b>6,500</b>	<b>31,147</b>	<b>17,244</b>
<b>Total comprehensive income for the financial period attributable to:</b>				
Owners of the parent	12,820	13,128	35,090	29,265
Non-controlling interests	(46)	(3,027)	(1,854)	(3,838)
	<b>12,774</b>	<b>10,101</b>	<b>33,236</b>	<b>25,427</b>
<b>Earnings per share attributable to owners of the parent:</b>				
- basic (sen)	1.17	1.10	3.30	2.57
- diluted (sen)	1.17	1.10	3.30	2.57
Weighted average number of ordinary shares ('000 units)	1,022,411	867,283	1,001,364	820,001
Enlarged number of ordinary shares in issue ('000 units)	1,155,230	916,595	1,155,230	916,595

1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes to the quarterly report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	AS AT END OF CURRENT PERIOD (Unaudited) 31-Dec-16 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-15 RM' 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	46,330	25,416
Adjustments for:-		
Amortization of intangible	1,951	551
Amortization of land use right	-	39
Bad debts written off	-	18
Depreciation of property, plant and equipment	12,056	11,340
Fair value adjustment on investment in securities (quoted share)	904	3,334
Impairment loss on other receivable	-	1
Interest expense	2,896	2,506
Interest Income	(237)	(363)
Inventory written down	-	66
Property plant and equip written off	-	126
Reversal of impairment of trade and other receivable	-	(18)
Share of (profit)/loss in investment in a associate company	318	242
Unrealised Foreign Exchange (Gain)/ Loss	-	(156)
	-	-
Operating profit before working capital changes	<b>64,218</b>	<b>43,102</b>
Inventories	1,276	2,819
Receivables	(145,696)	(51,291)
Payable	47,957	(10,572)
Amount due to contract customers	(45,568)	40,507
Joint venture	-	(591)
Directors	-	285
Cash used in operations	<b>(77,813)</b>	<b>24,259</b>
Tax paid	(10,014)	(2,506)
Interest paid	(2,896)	(3,321)
Interest received	237	363
Net cash used in operating activities	<b>(90,486)</b>	<b>18,795</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in joint venture	-	(560)
Investment in other	-	(40)
Proceeds from disposal of property, plants and equipment	-	602
Purchase of property, plant and equipment	(21,723)	(14,870)
Purchase of Quoted Shares	(280)	-
Addional of intangible assets	-	(268)
Acquisition of add interest from non controlling interest	(3,157)	(10,852)
Net cash inflow arising from acquisition of subsidiaries	-	(244)
Net cash used in investing activities	<b>(25,160)</b>	<b>(26,232)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loan	49,304	15,354
Repayment of term loan	(4,672)	(8,931)
Repayment of finance lease liabilities	(1,568)	(1,033)
Changes in LC or credit of TR	-	(6,016)
Proceeds from issuance of Share (ESOS)	-	5,317
Proceeds from exercise of warrants	95,423	31
Utilisation of share premium for issuance expenses	-	(120)
Decreased/(Increased) in Fixed Deposit pledge to licensed banks	(3,622)	(6,973)
Net cash generated from financing activities	<b>134,865</b>	<b>(2,371)</b>
<b>CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<b>19,219</b>	<b>(9,808)</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS</b>	<b>2,089</b>	<b>8,165</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>27,793</b>	<b>29,436</b>
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>49,101</b>	<b>27,793</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:</b>		
Deposit with licensed bank	47,027	31,816
Cash and bank balances	21,744	12,064
Bank overdraft	(284)	(323)
	<b>68,487</b>	<b>43,557</b>
Deposit with licensed bank (pledge)	(19,032)	(15,410)
Cash at bank pledged with license bank	(354)	(354)
	<b>49,101</b>	<b>27,793</b>

1) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes to the quarterly report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DEC 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM '000	Share Premium RM '000	ESOS Reserve RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
<b>At 1 January 2015</b>	79,942	126,613	1,490	3,830	36,182	248,057	7,489	255,546
Net profit for the financial year	-	-	-	-	21,166	21,166	(3,839)	17,327
Exchanges translation differences for foreign operations	-	-	-	8,165	-	8,165	-	8,165
Total comprehensive income for the financial year	-	-	-	8,165	21,166	29,331	(3,839)	25,492
<b>Transactions with owner:</b>								
Issue of ordinary shares:								
- pursuant to business combination	10,715	64,286	-	-	-	75,001	-	75,001
- pursuant to share options exercised	1,003	4,915	(602)	-	-	5,316	-	5,316
- pursuant to warrants exercised	7	23	-	-	-	30	-	30
Share issuance expenses	-	(120)	-	-	-	(120)	-	(120)
Share-based payment transactions	-	-	(888)	-	888	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	16	16
Acquisition of additional interest from non-controlling interest	-	-	-	-	(6,934)	(6,934)	(3,918)	(10,852)
Total transaction with owners	11,725	69,104	(1,490)	-	(6,046)	73,293	(3,902)	69,391
<b>At 31 December 2015 (Audited)</b>	91,667	195,717	-	11,995	51,302	350,681	(252)	350,429

	Share Capital RM '000	Share Premium RM '000	ESOS Reserve RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
<b>At 1 January 2016</b>	91,667	195,717	-	11,995	51,302	350,681	(252)	350,429
Net profit for the financial year	-	-	-	-	33,001	33,001	(1,471)	31,530
Exchanges translation differences for foreign operations	-	-	-	2,089	-	2,089	-	2,089
Total comprehensive income for the financial year	-	-	-	2,089	33,001	35,090	(1,471)	33,619
<b>Transactions with owner:</b>								
Issue of ordinary shares:								
- pursuant to business combination	-	-	-	-	-	-	-	-
- pursuant to share options exercised	-	-	-	-	-	-	-	-
- pursuant to warrants exercised	23,856	71,576	-	-	-	95,432	-	95,432
Share issuance expenses	-	(9)	-	-	-	(9)	-	(9)
Share-based payment transactions	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Acquisition of additional interest from non-controlling interest	-	-	-	-	-	-	-	-
Total transaction with owners	23,856	71,567	-	-	-	95,423	-	95,423
<b>At 31 December 2016 (Unaudited)</b>	115,523	267,284	-	14,084	84,303	481,194	(1,723)	479,471

**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 2015, 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 2015.

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 year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions  
Annual Improvements to MFRSs 2010 – 2012 Cycle  
Annual Improvements to MFRSs 2011 – 2013 Cycle

Adoption of above amendments to MFRSs did not have any significant impacts on the financial statements of the Group and of the Company.

**A2. Audit Report**

The annual financial statement of the Company for the year ended 31 December 2015 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:

	No. of shares Issued and fully paid up ordinary shares of RM0.10 each	Share Capital	Share Premium	ESOS Reserves	Total
	'000	RM'000	RM'000	RM'000	RM'000
As at 1 Jan 2016	916,670	91,667	195,717	-	287,384
Issue of ordinary shares:					
- Pursuant to warrant exercised	238,560	23,856	71,576	-	95,432
Exercise expenses	-	-	(9)	-	(9)
As at 31 Dec 2016	1,155,230	115,523	267,284	-	382,807

**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		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	115,441	90,861	354,426	270,056
- Construction	-	-	-	-
Elimination of inter-segment	-	-	-	-
Total	115,441	90,861	354,426	270,056
Segment result				
- Services and trading	11,939	6,500	31,147	17,244
- Construction	-	-	-	-
Profit after tax	11,939	6,500	31,147	17,244



Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2016

**A8. Segmental Analysis (Cont'd)**

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 31 Dec 2016			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	105,986	9,455	-	115,441
Inter segment	-	-	-	-
Total	105,986	9,455	-	115,441

	Preceding Quarter			
	3 months ended 31 Dec 2015			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	88,903	1,958	-	90,860
Inter segment	-	-	-	-
Total	88,903	1,958	-	90,860

	Cumulative Quarter			
	12 months ended 31 Dec 2016			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	322,814	31,612	-	354,426
Inter segment	-	-	-	-
Total	322,814	31,612	-	354,426

	Preceding Cumulative Quarter			
	12 months ended 31 Dec 2015			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	255,486	44,570	-	270,056
Inter segment	-	-	-	-
Total	255,486	44,570	-	270,056

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2016

	31 Dec 2016			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	581,284	102,155	-	683,439
Segment liabilities	178,861	32,098	-	210,959
Depreciation	8,455	1,241	-	9,696
	31 Dec 2015			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	383,474	118,576	-	502,050
Segment liabilities	117,709	34,013	-	151,722
Depreciation	6,835	1,248	-	8,083

**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:

1. Destini Prima Sdn. Bhd., a wholly-owned subsidiary of the Company has on 19 April 2016 entered into a Memorandum of Understanding with AMMROC (Advanced Military Maintenance, Repair And Overhaul Center) L.L.C. (“AMMROC”) for the purpose to provide a framework for developing a business case supporting the formation of a strategic alliance or other strategic agreement for the provision of the maintenance, repair, and overhaul of aircraft escape systems to targeted customers.

AMMROC is a limited liability company established in the Emirate of Abu Dhabi provides maintenance, repair and overhaul (“MRO”) services to government owned or operated aircraft including those of the UAE Armed Forces and other aerospace customers worldwide.

2. System Enhancement Resources & Technologies Sdn. Bhd., a wholly-owned subsidiary of Destini, had on 20 June 2016, accepted a Letter of Award from Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and new road rail vehicle for a total contract sum of RM62,003,000 only for the period of twenty-four (24) months.
3. TF Corp Pte Ltd, had on 5 September 2016 subscribed for 1,500 new ordinary shares of GBP1.00 each in Imes Marine Safety Systems Limited at a subscription price of GBP50 each for a total cash consideration of GBP75,000 (equivalent to approximately RM401,707.50) only. The Subscription was funded via internally generated funds.

4. Destini Shipbuilding and Engineering Sdn Bhd (“DSE”), a wholly owned subsidiary company of Destini and THHE Fabricators Sdn Bhd (“THF”), a wholly-owned subsidiary company of THHE, had on 29 November 2016 formed an incorporated joint venture company known as Gigih Integrasi Sdn Bhd (“GISB”) pursuant to a joint venture agreement dated 29 November 2016 to undertake the Work. GISB was incorporated in Malaysia with the authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital of GISB is RM2.00 divided into 2 ordinary shares of RM1.00 each. and on 8 December 2016 the total issued and paid-up share capital of GISB has increased from 2 ordinary shares of RM1.00 each to 750,000 ordinary shares of RM1.00 each. As a result of this Subscription, total equity held by DSE in GISB is 382,500 ordinary shares of RM1.00 each, representing 51% of the enlarged issued and paid-up share capital of GISB and GISB became a subsidiary of DSE.

The Subscription by DSE was funded via internally generated funds and will not have any material impact on the earnings and net asset of Destini for the financial year ending 31 December 2016.

5. Destini Prima Sdn. Bhd. a wholly-owned subsidiary of Destini had on 8 December 2016 accepted a Letter of Award from Ministry of Defence Malaysia for the extension of a contract to provide Maintenance, Repair and Overhaul Services and the Supply of Safety and Survival Equipment for Tentera Udara Diraja Malaysia (TUDM) for a contract sum of RM98,200,000.00 only for a period of three (3) years commencing 3 October 2016 (“the Contract”).

The Contract is not expected to have any material effects on the share capital and shareholding structure of the Company. However, it is expected to have positive contribution to the earnings per share, net assets per share and gearing of the Destini group.

There are no significant risks other than operational risk associated with 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:

1. Destini Prima Sdn. Bhd. a wholly-owned subsidiary of the Company, had on 16 February 2017 entered into a Share Sale Agreement with Dato’ Harrison Bin Hassan and Dato’ Roslee Bin Muhamad Roba for the proposed acquisition by DPSB of 70% equity interest in Halaman Optima Sdn. Bhd. (“HOSB”) comprising 700,000 ordinary shares in HOSB for a purchase consideration of RM5,500,000.00 only to be satisfied entirely via cash. Upon completion of the Proposed Acquisition, HOSB will become a subsidiary company of DPSB.

**A13. Contingent Liabilities or Assets**

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

	<b>Year to Date 31-Dec-16 RM '000</b>	<b>Year to Date 31-Dec-15 RM '000</b>
Banker's guarantees in favour of the local authorities for the purpose of development projects		
- Secured	29,493	26,493

**A14. Capital Commitments**

	<b>Year to Date 31-Dec-16 RM '000</b>	<b>Year to Date 31-Dec-15 RM '000</b>
Approved and contracted for :	-	-

**A15. Significant related party transactions**

There were no significant related party transactions occurred during the financial quarter ended 31 Dec 2016.

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

**B1. Review of Performance**

For the financial period ended 31 Dec 2016, the Group's revenue increased by 31% to RM354.43 million as compared to RM270.06 million in the preceding year corresponding period. The main contributor to the increased in revenue was marine manufacturing services.

Profit after tax and non-controlling interests increased by 67% to RM33.00 million as compared to RM21.08 million reported in the preceding year's corresponding period. The improvement in financial performance is mainly attributed to the increase in demand for the Group's MRO services and marine manufacturing services.

**B2. Review of Current Quarter against Preceding Quarter**

The Group registered a revenue of RM115.44 million for the current quarter under review compared to RM48.62 million in the preceding quarter. The Group's profit after tax and non-controlling interests increased by more than 100% to RM11.96 million for the current quarter under review as compared to profit after tax and non-controlling interests of RM4.95 million in the preceding quarter. Higher revenue and profit were mainly due to higher order for the Group's MRO services and marine manufacturing services.

**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 2017 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
	31-Dec-16 RM '000	31-Dec-15 RM '000	31-Dec-16 RM '000	31-Dec-15 RM '000
Current taxation	(9,058)	(6,242)	(15,183)	(8,445)

**B6. Corporate Proposals**

There was no other corporate proposals announce but not yet completed as at the date of this quarterly report.

**B7. Group Borrowings and Debt Securities**

Group borrowings were as follows:

**B7.1 Short Term Borrowings**

<u>Secured</u>	<b>31-Dec-16 RM '000</b>	<b>31-Dec-15 RM '000</b>
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	652	823
Overdraft	284	323
Bank Borrowing	10,680	5,430
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase Payables	-	-
Bank Borrowing	1,924	1,968
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	3,659	2,316
<b>Total</b>	<b>17,199</b>	<b>9,093</b>

**B7.2 Long Term Borrowings**

<u>Secured</u>	<b>31-Dec-16 RM '000</b>	<b>31-Dec-15 RM '000</b>
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	2,017	2,160
Term Loan	58,533	24,828
<i>Denominated in Singapore Dollar (SGD):</i>		
Bank Borrowing	7,248	8,991
<b>Total</b>	<b>67,798</b>	<b>35,979</b>

**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**

	<b>Individual quarter 31-Dec-16 RM '000</b>	<b>Year to date 31-Dec-16 RM '000</b>
<b>Profit for the period is arrived at after charging/(crediting):-</b>		
Depreciation of property, plant and equipment	2,580	9,663
Interest expenses	1,298	2,896

**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 Quarter
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Attributable to owners of parent ( RM'000 )	11,985	9,527	33,001	21,082
Weighted average number of ordinary shares ('000) in issue	1,022,411	867,283	1,001,364	820,001
Basic earnings per share (sen)	1.17	1.10	3.30	2.57

The dilute earnings per share for the quarter and year to date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Current Quarter	Current Year To Date	Preceding Year Current Quarter
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Attributable to owners of parent ( RM'000 )	11,985	9,527	33,001	21,082
Weighted average number of ordinary shares ('000) in issue	1,022,411	867,283	1,001,364	820,001
Effect of dilution : conversion of warrants	1.17	-	3.30	-
Adjusted weighted average number of ordinary shares in issue and Issuable('000)	-	867,283	-	820,001
Diluted earnings per share (sen)	1.17	1.10	3.30	2.57



**B12. Disclosure of realised and unrealised profit**

	<b>Year to Date 31-Dec-16 RM'000</b>	<b>Year to Date 31-Dec-15 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	40,610	13,402
Less : consolidation adjustments	43,693	36,928
Total retained profits	84,303	50,330

**BY ORDER OF THE BOARD**

**DATO' ROZABIL ABDUL RAHMAN**  
Group Managing Director