



SUMMARY OF KEY FINANCIAL INFORMATION

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-20 RM ' 000	31-Dec-19 RM ' 000	31-Dec-20 RM ' 000	31-Dec-19 RM ' 000
1. Revenue	13,379	77,242	136,894	297,736
2. Profit/(Loss) before tax	(162,742)	(254,411)	(190,226)	(251,244)
3. Net Profit/(Loss) for the financial period	(162,742)	(252,057)	(190,226)	(249,535)
4. Profit/(Loss) after tax and non-controlling interest	(162,898)	(249,648)	(190,063)	(247,823)
5. Basic earnings per share (Sen)	(11.40)	(21.61)	(14.59)	(21.45)
6. Net dividend per share (Sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (RM)	0.0923	0.2230

DESTINI BERHAD ([Registration No. 200301030845 (633265-K)])

DESTINI

ADDITIONAL INFORMATION

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-20 RM ' 000	31-Dec-19 RM ' 000	31-Dec-20 RM ' 000	31-Dec-19 RM ' 000
1. Profit/(Loss) from operations	(94,617)	(139,467)	(118,222)	(134,120)
2. Gross interest income	-	504	2	504
3. Gross interest expense	(7,079)	(21,872)	(10,958)	(23,248)



QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31-Dec-20 (Unaudited) RM'000	As at 31-Dec-19 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	46,034	88,509
Right of use assets	44,943	38,459
Intangible Assets	68,718	107,044
Investment in quoted share	3,354	430
Other Receivable	-	4,927
Other investments	320	320
	<u>163,369</u>	<u>239,689</u>
CURRENT ASSETS		
Inventories	12,625	13,495
Contract assets	37,946	17,513
Trade receivables	144,744	210,802
Other receivables and deposits	54,612	68,697
Amount due from joint venture	6,748	6,748
Tax recoverable	3,807	1,943
Deposit with licensed bank	15,820	16,823
Cash and bank balances	8,351	9,659
	<u>284,653</u>	<u>345,680</u>
TOTAL ASSETS	<u>448,022</u>	<u>585,369</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL	453,975	388,237
TRANSLATION RESERVE	3,959	5,542
RETAINED PROFITS	(326,147)	(136,084)
<i>Equity attributable to owners of the parent</i>	<u>131,787</u>	<u>257,695</u>
NON-CONTROLLING INTEREST	(1,979)	(2,142)
<i>Total Equity</i>	<u>129,808</u>	<u>255,553</u>
NON-CURRENT LIABILITIES		
Preferences shares	-	-
Deferred taxation	2,829	2,828
Lease liabilities	6,573	14,619
Bank borrowings	20,917	10,173
Long term payables	15,249	394
	<u>45,568</u>	<u>28,014</u>
CURRENT LIABILITIES		
Contract liabilities	7,954	6,245
Trade payables	73,709	81,738
Other payables and accruals	65,693	79,742
Lease liabilities	3,333	6,798
Bank borrowings	93,735	104,575
Redeemable preference shares	1,414	1,351
Tax Payable	26,808	21,353
	<u>272,646</u>	<u>301,802</u>
TOTAL EQUITY AND LIABILITIES	<u>448,022</u>	<u>585,369</u>
Net assets per share attributable to owners of the parent (RM)	0.0923	0.2230
Weighted average number of ordinary shares ('000 units)	1,428,580	1,155,367
Enlarged number of ordinary shares in issue ('000 units)	1,525,276	1,180,230

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 2019 and the accompanying explanatory notes to the quarterly report.



DESTINI BERHAD ([Registration No. 200301030845 (633265-K)])

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Revenue	13,379	77,242	136,894	297,736
Cost of sale	(26,955)	(137,784)	(126,313)	(280,845)
Gross profit	(13,576)	(60,542)	10,581	16,891
Other income	3,301	2,422	7,666	4,554
Administrative expenses	(40,996)	(19,847)	(81,495)	(85,199)
Impairment loss on receivables	(38,389)	(58,174)	(38,389)	(58,174)
Depreciation	(4,957)	(3,326)	(16,585)	(12,192)
Profit from operations	(94,617)	(139,467)	(118,222)	(134,120)
Share-based payment expenses	-	-	-	-
Finance cost	(7,079)	(21,872)	(10,958)	(23,248)
Amortisation of Goodwill	-	-	-	-
Impairment of goodwill and assets	(61,046)	(92,887)	(61,046)	(93,691)
Share of result of associates/JV	-	(185)	-	(185)
Profit/(Loss) before tax	(162,742)	(254,411)	(190,226)	(251,244)
Taxation	-	2,354	-	1,709
Net profit/(Loss) for the financial period	(162,742)	(252,057)	(190,226)	(249,535)
Other comprehensive income				
- Exchange Translation differences	(1,654)	(6,511)	(1,583)	(6,793)
Other comprehensive income for the financial period	(1,654)	(6,511)	(1,583)	(6,793)
Total comprehensive income for the financial period	(164,396)	(258,568)	(191,809)	(256,328)
Net Profit/(Loss) for the financial period attributable to:				
Owners of the parent	(162,898)	(249,648)	(190,063)	(247,823)
Non-controlling interests	(156)	(2,409)	163	(1,712)
	(162,742)	(252,057)	(190,226)	(249,535)
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the parent	(164,240)	(256,176)	(191,972)	(254,633)
Non-controlling interests	(156)	(2,392)	163	(1,695)
	(164,396)	(258,568)	(191,809)	(256,328)
Earnings per share attributable to owners of the parent:				
- basic (Sen)	(11.40)	(21.61)	(14.59)	(21.45)
Weighted average number of ordinary shares ('000 units)	1,428,580	1,155,385	1,302,794	1,155,367
Enlarged number of ordinary shares in issue ('000 units)	1,525,276	1,180,230	1,525,276	1,180,230

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 2019 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-20 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-19 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(190,226)	(251,244)
Adjustments for:-		
Amortization of intangible	-	2,124
Amortization of land use right	-	-
Bad debts written off	-	182
Depreciation of property, plant and equipment	16,585	12,507
Depreciation of right-of-use assets	-	7,473
Fair value adjustment on investment in securities (quoted share)	(475)	(354)
Gain on disposal of property, plant and equipment	-	(133)
Intangible assets written off	-	4,672
Impairment loss on trade receivable	23,384	42,469
Impairment loss on other receivable	15,005	17,018
Impairment loss on intangible assets	38,696	91,682
Impairment loss on property, plant and equipment	22,351	1,998
Impairment loss on right of use	-	10
Interest expense	10,958	23,247
Interest Income	(2)	(504)
Inventories written off	-	13
Property plant and equip written off	-	1
Reversal of impairment of trade receivable	-	(1,311)
Discount received	-	-
Share of (profit)/loss in investment in a associate company	-	184
Unrealized Foreign Exchange (Gain)/ Loss	-	198
Operating profit before working capital changes	(63,724)	(49,768)
Inventories	869	(1,844)
Receivables	59,399	5,009
Payable	30,132	50,725
Contract assets/liabilities	(19,756)	32,029
Cash used in operations	6,920	36,151
Tax paid	5,454	(2,974)
Tax refund	-	95
Interest paid	(10,958)	(23,247)
Interest received	2	504
Net cash used in operating activities	1,418	10,529
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,861)	(17,554)
Proceeds from disposal of property, plants and equipment	-	3,741
Proceeds from disposal quoted shares	-	1,061
Additional of intangible assets	-	(784)
Net cash used in investing activities	(16,861)	(13,536)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	4,310
Repayment of term loan	(20,918)	(22,931)
Repayment of finance lease liabilities	(13,510)	(7,013)
Changes in LC or credit of TR	-	(3,057)
Proceeds private placement	65,738	5,430
Decreased/(Increased) in Fixed Deposit pledge to licensed banks	-	13,190
Net cash generated from financing activities	31,310	(10,071)
CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	15,867	(13,078)
EFFECT OF EXCHANGE RATE FLUCTUATIONS	(1,583)	(7,724)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,780	29,582
CASH AND CASH EQUIVALENTS END OF PERIOD	23,064	8,780
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:		
Deposit with licensed bank	15,820	16,823
Cash and bank balances	8,636	9,658
Bank overdraft	(285)	(1,259)
	24,171	25,222
Deposit with licensed bank (pledge)	(15,820)	(16,442)
Cash at bank pledged with license bank	14,713	-
	23,064	8,780

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 2019 and the accompanying explanatory notes to the quarterly report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
At 1 January 2019	382,807	12,358	111,859	507,024	(453)	506,571
Effect of adopting MFRS16	-	-	(120)	(120)	-	(120)
	382,807	12,358	111,739	506,904	(453)	506,451
Net profit for the financial year	-	-	(247,823)	(247,823)	(1,712)	(249,535)
Exchanges translation differences for foreign operations	-	(6,816)	-	(6,816)	23	(6,793)
Total comprehensive income for the financial year	-	(6,816)	(247,823)	(254,639)	(1,689)	(256,328)
Transactions with owner:						
Issue of ordinary shares: Private placement	5,430	-	-	5,430	-	5,430
Total transaction with owners	5,430	-	-	5,430	-	5,430
At 31 December 2019 (Audited)	388,237	5,542	(136,084)	257,695	(2,142)	255,553

	Share Capital RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
At 1 January 2020	388,237	5,542	(136,084)	257,695	(2,142)	255,553
Effect of adopting MFRS16	-	-	-	-	-	-
	388,237	5,542	(136,084)	257,695	(2,142)	255,553
Net profit for the financial year	-	-	(190,063)	(190,063)	163	(189,900)
Exchanges translation differences for foreign operations	-	(1,583)	-	(1,583)	-	(1,583)
Total comprehensive income for the financial year	-	(1,583)	(190,063)	(191,646)	163	(191,483)
Transactions with owner:						
Issue of ordinary shares: Private placement	65,738	-	-	65,738	-	65,738
Total transaction with owners	65,738	-	-	65,738	-	65,738
At 31 December 20 (Unaudited)	453,975	3,959	(326,147)	131,787	(1,979)	129,808

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

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 2019, 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 2019.

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, 2016 in Malaysia.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019 except for the adoption of the following with effect from 1 January 2020:

Amendments to MFRS 3	Business Combination - Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Financial Instruments - Interest Rate, Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material
Amendments to MFRS 10	Accounting Policies, Changes in Accounting Estimates and Errors

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 2019 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.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

A4. Items of unusual nature and amount

The COVID-19 pandemic have severely impacted global economies and the business of Destini Group. Apart from the unprecedented Covid-19 pandemic as discussed in Note B3, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

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	Total
	'000	RM'000	RM'000
As at 1 Jan 2020	1,180,230	388,237	388,237
Issue of ordinary shares:			
- Private placement	345,046	65,738	65,738
As at 31 Dec 2020	1,525,276	453,975	453,975

A7. Dividend Paid

No interim dividend has been paid or declared during the current quarter.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020
A8. Segmental Analysis

a) Analysis of Segmental Revenue and Result

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	13,379	77,242	136,894	297,736
- Construction				
Elimination of inter-segment	-	-	-	-
Total	13,379	77,242	136,894	297,736
Segment result				
- Services and trading	(162,742)	(252,057)	(190,226)	(249,535)
- Construction	-	-	-	-
Profit after tax	(162,742)	(252,057)	(190,226)	(249,535)

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 31 Dec 2020			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	6,754	6,625	-	13,379
Inter segment	-	-	-	-
Total	6,754	6,625	-	13,379

	Preceding Quarter			
	3 months ended 31 Dec 2019			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	70,688	6,554	-	77,242
Inter segment	-	-	-	-
Total	70,688	6,554	-	77,242

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

	Cumulative Quarter			
	12 months ended 31 Dec 2020			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	91,843	45,051	-	136,894
Inter segment	-	-	-	-
Total	91,843	45,051	-	136,894

	Preceding Cumulative Quarter			
	12 months ended 31 Dec 2019			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	216,614	81,122	-	297,736
Inter segment	-	-	-	-
Total	216,614	81,122	-	297,736

	31 Dec 2020			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	348,973	99,049	-	448,022
Segment liabilities	273,852	44,361	-	318,213
Depreciation	12,720	3,865	-	16,585
	31 Dec 2019			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	437,505	147,864	-	585,369
Segment liabilities	287,235	42,581	-	329,816
Depreciation	9,538	2,654	-	12,192

A9. Valuation of property, plant and equipment

There was no valuation of property plant and equipment for the financial quarter.

A10. Significant Events As At the Financial Period

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

1. Destini Oil Services Sdn Bhd, a wholly-owned subsidiary of Destini, had on 22 April 2020 received a letter of award for the provision of tubular equipment and services for JX Nippon Oil & Gas Exploration (Malaysia) Limited's ("NIPPON") drilling campaign.
2. Destini Engineering Technologies Sdn Bhd, a wholly-owned subsidiary of Destini, had on 2 July 2020 accepted a letter of award dated 30 June 2020, to be the sub-contractor for the supply, delivery, installation, testing and commissioning of electrical installation for Wira

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

Syukur (M) Sdn Bhd in its commercial development in Mukim Semenyih for a sum of RM17,385,130.

3. Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini, had on 3 July 2020 accepted a letter of award from Ministry of Defence Malaysia for the supply of non-proprietary aircraft parts for the Royal Malaysian Air Force.
4. Destini Prima Sdn Bhd, a wholly-owned subsidiary of Destini, had on 30 December 2020, received a letter of award from Ministry of Defence Malaysia for the extension of the existing contract to provide maintenance, repair and overhaul services and the supply of safety and survival equipment to the Royal Malaysian Air Force. The Contract ceiling is approximately RM30.37 million. The Letter of Award was accepted by DPSB on 4 January 2021.
5. The Malaysian Government had on 15 January 2020 given approval for Destini to continue executing its remaining contract obligations in the MD530G program. This marks as a positive indication for Destini's aviation segment in view that the project was put on hold as it went under review during the transition of the Government between 2018 and 2019.
6. Destini Oil Services Sdn Bhd was given an LNG import and shipping license approved by the Energy Commission of Malaysia on 30 October 2020.

A11. Changes in Composition of the Group

There are 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, there no significant events took place for the Company and its subsidiaries:

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 31-Dec-20 RM '000	Year to Date 31-Dec-19 RM '000
15,820	16,823

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

A14. Capital Commitments

Approved and contracted for :

Year to Date 31-Dec-20 RM '000	Year to Date 31-Dec-19 RM '000
-	-

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter ended 31 December 2020.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

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

B1. Review of Performance

Destini's revenue decreased by 54% to RM136.89 million for the financial period ended 31 Dec 2020, from RM297.74 million in the preceding year corresponding period. The main contributor to the decrease in revenue was due to a slowdown in the Group's business activities which meant reduced billings in the Group's four core divisions which are aviation, marine, rail and land transport, as well as oil and gas.

The main reason for the Group's reduced business activities is due to the prolonged COVID-19 pandemic which halted many economic activities as many countries had to impose restricted movement orders to curtail the spread of the pandemic. These restrictions are the main reason to the disruption in economies which translates to weak client sentiment, a halt in business activities which caused delays in project execution and obstructions in the chain of supply and services. Like many, Destini also faced these issues. Industries that were severely impacted that Destini has a foothold in are aviation, marine and oil and gas.

In aviation, the Group saw close to zero revenue from its commercial aviation business because Destini services foreign airline operators which were restricted to fly into Malaysia during the period as many countries closed its borders.

Over at marine, the fabrication of its ships saw a delay from not being able to receive construction materials on time. About 70% of its ship's construction material are sourced overseas and most of the items are shipped from China which went through a total lockdown early last year. The inability to secure construction materials due to the lockdown disrupted the timing of project deliveries.

On another hand, the Group's oil and gas business saw losses from project deferments from oil majors due to budget constraints and uncertainties in the oil and gas business environment. Most projects in 2020 were pushed to 2021 instead. Facing project deferments, mobilization costs already incurred and a rise in cost in order to comply with COVID-19 Standard Operating Procedure ("SOP") requirements, this segment took a big hit during the period under review. Destini embarked on a cost reduction exercise that includes staff downsizing. However, the impact of the staff payout in the downsizing exercise is still reflected in the Group's 2020 accounts.

Notwithstanding the above challenges and reduction in revenue, Destini reported a gross profit of RM10.58 million despite a slower progress rate on its activities. The Group also had to incur fixed costs from projects in hand which also includes absorbing overheads arising from the pandemic such as SOP requirements. This translated into a margin compression which in turn was insufficient to cover the Group's overall administrative expenses which saw an increase in cost against the reduction in revenue.

To this, Destini recorded a loss after tax and non-controlling interests of RM190.06 million, a decreased of 23% from a loss after tax and non-controlling interests of RM247.82 million in the preceding year's corresponding period. The Group also took prudent measures in making provisions and impairments on its assets and goodwill as well as embarking on cost reduction exercises that includes temporary staff salary reductions during the year in review.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

B2. Review of Current Quarter against Preceding Quarter

The Group registered a revenue of RM13.38 million for the current quarter under review which represents a 77% decrease compared to a revenue of RM59.21 million in the preceding quarter. The Group recorded loss after tax and non-controlling interests of RM162.89 million for the current quarter under review as compared to a profit after tax and non-controlling interests of RM0.50 million in the preceding quarter.

Destini's loss in the current quarter was mainly due to prudent measures taken by the Group in making provisions and impairments on its assets and goodwill. The Group also saw higher administrative expenses that came from new SOP requirements; against lower revenue registered under its aviation for defense and marine businesses that saw reduced activities during the period.

B3. Commentary on Prospects for the Next Financial Quarter

The COVID-19 pandemic have severely impacted global economies and created market turbulence, volatility in global crude oil prices and weak consumer sentiment. These uncertainties are expected to impact all nations and businesses throughout the year 2021. However, many measures have also been set out to ensure business continuity and the economy is expected to rebound from the previous year.

Foreseeing this, the Group has taken pre-emptive measures to be resilient in weathering the current challenging environment by focusing more in strengthening the Group's balance sheet and managing its cash flow prudently. Plans, controls, regular review and actions are taken to tighten capital expenditure, operating expenditure, and investment assessments and decisions towards optimising the Group's balance sheet, including its capital structure, where necessary.

Destini's four core businesses are categorised as an "essential business", which should bode well as the economy slowly recovers from the impact of the pandemic. Destini has not only implemented a series of cost efficiency measures to ensure its sustainability but also laid out a strategy to enhance its current capabilities for expansion into new potential businesses within its related core competencies. In addition, with the continuation of the MD530G program and the award of a LNG supply and shipping licence, Destini expects that these progresses will lead to a positive forecast for Destini's business in 2021 onwards.

Furthermore, with the COVID-19 vaccine roll-out planned for 2021, Destini is hoping that it's business will return back to normal by the end of the year albeit a challenging and competitive operating environment. Nevertheless, the Group remains confident to weather these uncertainties and ride on any opportunities there are in the market in 2021.

B4. Profit Forecast and Profit Guarantee

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

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Dec-20 RM '000	31-Dec-19 RM '000	31-Dec-20 RM '000	31-Dec-19 RM '000
Current taxation	-	2,354	-	1,709

B6. Corporate Proposals

The following are corporate proposals announced but not yet completed as at the date of this quarterly report.

1. Destini Armada Pte Ltd (DAPL), a wholly-owned subsidiary of Destini had on 18 February 2020, entered into a conditional share sale agreement with PT Berkah Sadaya Adikarya for the acquisition of 4,999 ordinary shares in PT Muara Badak Perkasa (PT MBP), representing approximately 99.9% equity interest in PT MBP for a purchase consideration of SGD4,000,000 to be satisfied entirely via the issuance and allotment of 4,900,000 new DAPL Shares at an issue price of approximately SGD0.8163 per DAPL Share

In conjunction with the Proposed Acquisition, the Board proposes to undertake a diversification of the business activities of Destini and its subsidiaries to include the provision of jetty and/or port operations related services to mining companies.

Upon completion of the Proposed Acquisition, PT Berkah Sadaya Adikarya will emerge as the largest shareholder of DAPL, with a 55.0% equity interest in DAPL. Simultaneously, the equity interest of Destini in DAPL will be diluted from 100.0% to 45.0%.

- i. Bursa Securities had, vide its letter dated 20 April 2020 (which was received on 21 April 2020), resolved to grant an extension of time of 3 months up to 18 July 2020 to submit the draft Circular pursuant to Paragraph 9.33(1)(a) of the Listing Requirements.
- ii. DAPL has on 28 April 2020 entered into a supplemental agreement to the SSA with the Vendor to extend the CP Period from 21 May 2020 to 31 October 2020 ("**Supplemental Agreement**"). Save for the aforementioned, all other terms of the SSA shall remain unchanged and continue to be in full force and effect.
- iii. Bursa Securities to seek its approval for a further extension of time of up to 3 months to submit the draft Circular (i.e. by 18 October 2020).

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

- iv. Bursa Securities had, vide its letter dated 4 August 2020, resolved to grant an extension of time of 3 months up to 18 October 2020 to submit the draft Circular pursuant to Paragraph 9.33(1)(a) of the Listing Requirements.
 - v. DAPL had on 16 October 2020 entered into the deed of termination with the Vendor for the termination and release of the SSA ("**Deed of Termination**"). Pursuant thereto, Destini will not be proceeding with the Proposals.
2. Bursa Securities had, on 16 April 2020, announced additional relief measures for listed issuers to ease compliance and facilitate their capital raising in a timely and cost-effective manner. In this regard, as an interim measure, listed issuer is allowed to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities.

Destini had obtained the approval from its shareholders at the latest annual general meeting convened on 29 July 2020, whereby pursuant to Sections 75 and 76 of the Companies Act 2016 the Board has been authorised to issue and allot new ordinary shares in Destini provided that the number of new Destini shares does not exceed 20% of the total number of issued shares of Destini.

On 25 September 2020, UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**"), had on behalf of Destini, announced that Destini proposed to undertake a private placement of up to 277,255,271 new Destini shares, representing 20% of the issued and paid up share capital of Destini ("**Private Placement**").

Bursa Securities had, vide its letter dated 8 October 2020, resolved to approve the listing and quotation of up to 277,255,271 new Destini Shares to be issued pursuant to the Proposed Private Placement, subject to the following conditions:-

- Destini and UOBKH must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement;
 - Destini and UOBKH to inform Bursa Securities upon completion of the Proposed Private Placement;
 - UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
 - UOBKH is required to furnish Bursa Securities with details of the places in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.
- i) Private Placement comprising 139,000,000 Placement Shares at RM0.2200 per Placement Share. The issue price of RM0.2200 per Placement Share represents a discount of approximately 8.45% to the 5-day VWAP of Destini Shares up to and including 25 November 2020, being the last traded day of Destini Shares

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

immediately preceding the price-fixing date of RM0.2403 per Destini Share. The shares were listed on 3 Dec 2020

- ii) The status of the utilisation of proceeds from proceeds raised in the Private Placement exercise of RM30,580,000 is as follows:

Utilisation purposes	Proposed utilisation RM	Actual utilisation RM	Intended timeframe for the utilisation	Deviation overspent	
				RM	%
Working capital for new projects	50,000,000	2,394,010	Within 24 months	-	-
Working capital for existing projects	28,135,986	28,135,986	Within 24 months		
Expenses	50,000	50,000	Upon completion of Private Placement	-	-
Total	78,185,986	30,580,000		-	-

B7. Group Borrowings and Debt Securities

Group borrowings were as follows:

B7.1 Short Term Borrowings
Secured
Denominated in Ringgit Malaysia:

Hire Purchase and Lease Payables	1,944	2,065
Bank Borrowing	81,994	96,586

Denominated in Singapore Dollar (SGD):

Hire Purchase and Lease Payables	1,389	4,733
Overdraft	285	611
Bank Borrowing	11,205	5,153

Denominated in Chinese Renminbi (CNY):

Term Loans	251	2,225
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Total	97,068	111,373
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Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

B7.2 Long Term Borrowings

<u>Secured</u>	31-Dec-20 RM '000	31-Dec-19 RM '000
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase and Lease Payables	5,666	5,944
Term Loan	11,779	8,637
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase and Lease Payables	907	8,675
Bank Borrowing	9,138	1,536
Total	27,490	24,792

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

	Year to date 31-Dec-20 RM '000	Year to date 31-Dec-19 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	16,585	12,192
Interest expense	10,958	23,248
Fair value adjustment on investment in securities	(475)	(354)

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 Dec 2020

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-20	31-Dec-19	31-Dec-20	31-Dec-19
Attributable to owners of parent (RM'000)	(162,898)	(249,648)	(190,063)	(247,823)
Weighted average number of ordinary shares ('000) in issue	1,428,580	1,155,367	1,302,794	1,155,367
Basic earnings per share (Sen)	(11.40)	(21.61)	(14.59)	(21.45)

B12. Disclosure of realised and unrealised profit

	Year to Date 31-Dec -20 RM'000	Year to Date 31-Dec-19 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(321,329)	(171,523)
Less : consolidation adjustments	(4,818)	35,439
Total retained profits	(326,147)	(136,084)

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
President and Group Chief Executive Officer