


SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUN 2021

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|-----------------------|--------------------------------------|-----------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30-Jun-21 RM ' 000 | 30-Jun-20 RM ' 000 | 30-Jun-21 RM ' 000 | 30-Jun-20 RM ' 000 |
| 1. Revenue | 30,339 | 30,260 | 116,881 | 64,307 |
| 2. Profit/(Loss) before tax | 2,974 | (16,120) | 4,476 | (27,859) |
| 3. Net Profit/(Loss) for the financial period | 1,197 | (16,113) | 2,584 | (27,859) |
| 4. Profit/(Loss) after tax and non-controlling interest | 1,160 | (15,873) | 2,278 | (27,668) |
| 5. Basic earnings per share (Sen) | 0.08 | (1.32) | 0.15 | (2.27) |
| 6. Net dividend per share (Sen) | - | - | - | - |

| | AS AT END OF CURRENT QUARTER | AS AT PRECEDING FINANCIAL YEAR END |
|------------------------------|------------------------------|------------------------------------|
| 7. Net assets per share (RM) | 0.0883 | 0.0927 |

ADDITIONAL INFORMATION

FOR THE SECOND QUARTER ENDED 30 JUN 2021

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|----------------------------------|-----------------------|--------------------------------------|-----------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30-Jun-21 RM ' 000 | 30-Jun-20 RM ' 000 | 30-Jun-21 RM ' 000 | 30-Jun-20 RM ' 000 |
| 1. Profit/(Loss) from operations | 3,399 | (11,052) | 5,360 | (11,052) |
| 2. Gross interest income | 2 | - | 4 | 2 |
| 3. Gross interest expense | (425) | (1,363) | (884) | (2,051) |



QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUN 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30-Jun-21 (Unaudited) RM'000 | As at 31-Dec-20 (Audited) RM'000 |
|---|---|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant & equipment | 47,892 | 49,932 |
| Right of use assets | 29,096 | 29,672 |
| Intangible Assets | 73,170 | 71,847 |
| Investment in quoted share | 890 | 3,437 |
| Investment in jointly control entity | - | - |
| Other Receivable | 1,710 | 1,710 |
| Other investments | 320 | 320 |
| | <u>153,078</u> | <u>156,918</u> |
| CURRENT ASSETS | | |
| Inventories | 14,684 | 12,564 |
| Contract assets | 103,715 | 174,253 |
| Trade receivables | 102,776 | 74,917 |
| Other receivables and deposits | 51,147 | 57,852 |
| Amount due from joint venture | 6,747 | 6,747 |
| Tax recoverable | 3,866 | 3,196 |
| Deposit with licensed bank | 18,844 | 16,938 |
| Cash and bank balances | 26,949 | 22,121 |
| | <u>328,728</u> | <u>368,588</u> |
| TOTAL ASSETS | <u>481,806</u> | <u>525,506</u> |
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL | | |
| | 453,975 | 453,975 |
| TRANSLATION RESERVE | | |
| | 5,094 | 5,200 |
| RETAINED PROFITS | | |
| | (324,448) | (326,726) |
| <i>Equity attributable to owners of the parent</i> | <u>134,621</u> | <u>132,449</u> |
| NON-CONTROLLING INTEREST | | |
| | (1,446) | (1,752) |
| <i>Total Equity</i> | <u>133,175</u> | <u>130,697</u> |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 5,742 | 7,121 |
| Bank borrowings | 14,250 | 20,141 |
| Other payable | 10,362 | 10,821 |
| | <u>30,354</u> | <u>38,083</u> |
| CURRENT LIABILITIES | | |
| Contract liabilities | 58,226 | 58,219 |
| Trade payables | 96,314 | 110,219 |
| Other payables and accruals | 44,137 | 80,850 |
| Lease liabilities | 11,467 | 5,703 |
| Bank borrowings | 89,028 | 85,130 |
| Redeemable preference shares | 1,441 | 1,428 |
| Tax Payable | 17,664 | 15,177 |
| | <u>318,277</u> | <u>356,726</u> |
| TOTAL EQUITY AND LIABILITIES | <u>481,806</u> | <u>525,506</u> |
| Net assets per share attributable to owners of the parent (RM) | 0.0883 | 0.0927 |
| Weighted average number of ordinary shares ('000 units) | 1,525,276 | 1,428,580 |
| Enlarged number of ordinary shares in issue ('000 units) | 1,525,276 | 1,525,276 |

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 2020 and the accompanying explanatory notes to the quarterly report.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUN 2021

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 |
| | 30-Jun-21 RM'000 | 30-Jun-20 RM'000 | 30-Jun-21 RM'000 | 30-Jun-20 RM'000 |
| Revenue | 30,339 | 30,260 | 116,881 | 64,307 |
| Cost of sale | (13,675) | (29,282) | (82,399) | (54,730) |
| Gross profit | 16,664 | 978 | 34,482 | 9,577 |
| Other income | 958 | 3,573 | 1,826 | 3,863 |
| Administrative expenses | (13,238) | (16,546) | (28,332) | (33,703) |
| Depreciation | (985) | (2,762) | (2,616) | (5,545) |
| Profit from operations | 3,399 | (14,757) | 5,360 | (25,808) |
| Finance cost | (425) | (1,363) | (884) | (2,051) |
| Impairment of goodwill and assets | - | - | - | - |
| Share of result of associates/JV | - | - | - | - |
| Profit/(Loss) before tax | 2,974 | (16,120) | 4,476 | (27,859) |
| Taxation | (1,777) | 7 | (1,892) | - |
| Net profit/(Loss) for the financial period | 1,197 | (16,113) | 2,584 | (27,859) |
| Other comprehensive income | | | | |
| - Exchange Translation differences | (68) | 278 | (105) | 180 |
| Other comprehensive income for the financial period | (68) | 278 | (105) | 180 |
| Total comprehensive income for the financial period | 1,129 | (15,835) | 2,479 | (27,679) |
| Net Profit/(Loss) for the financial period attributable to: | | | | |
| Owners of the parent | 1,160 | (15,873) | 2,278 | (27,668) |
| Non-controlling interests | 37 | (240) | 306 | (191) |
| | 1,197 | (16,113) | 2,584 | (27,859) |
| Total comprehensive income/(loss) for the financial period attributable to: | | | | |
| Owners of the parent | 1,092 | (15,595) | 2,173 | (27,488) |
| Non-controlling interests | 37 | (240) | 306 | (191) |
| | 1,129 | (15,835) | 2,479 | (27,679) |
| Earnings per share attributable to owners of the parent: | | | | |
| - basic (Sen) | 0.08 | (1.32) | 0.15 | (2.27) |
| Weighted average number of ordinary shares ('000 units) | 1,525,276 | 1,205,230 | 1,525,276 | 1,218,417 |
| Enlarged number of ordinary shares in issue ('000 units) | 1,525,276 | 1,230,230 | 1,525,276 | 1,230,230 |

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 2020 and the accompanying explanatory notes to the quarterly report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUN 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | AS AT END OF CURRENT PERIOD (Unaudited) 30-Jun-21 RM' 000 | AS AT END OF PRECEDING YEAR (Audited) 31-Dec-20 RM' 000 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 4,476 | (192,961) |
| Adjustments for:- | | |
| Amortization of intangible | - | 1,692 |
| Amortization of land use right | - | - |
| Bad debts written off | - | 25,033 |
| Depreciation of property, plant and equipment | 2,615 | 11,562 |
| Depreciation of right-of-use assets | - | 7,711 |
| Derecognition arising from termination of lease agreement | - | (511) |
| Fair value adjustment on investment in securities (quoted share) | - | (557) |
| Gain on disposal of property, plant and equipment | - | 46 |
| Intangible assets written off | - | - |
| Impairment loss on trade receivable | - | 3,307 |
| Impairment loss on other receivable | - | - |
| Impairment loss on intangible assets | - | 38,254 |
| Impairment loss on property, plant and equipment | - | - |
| Impairment loss on right of use | - | - |
| Interest expense | 884 | 11,751 |
| Interest Income | (4) | (250) |
| Inventories written off | - | - |
| Modification to lease | - | 216 |
| Property, plant and equipment written off | - | 37,398 |
| Reversal of impairment of trade receivable | - | (13,631) |
| Reversal of impairment of Intangible assets | - | (3,504) |
| Right-of-use assets written off | - | 272 |
| Operating profit before working capital changes | 7,971 | (74,172) |
| Inventories | (2,120) | 931 |
| Receivables | (25,052) | 135,238 |
| Payable | (53,078) | 29,654 |
| Contract assets/liabilities | 70,538 | (104,766) |
| Cash used in operations | (1,741) | (13,115) |
| Tax paid | 595 | (1,398) |
| Tax refund | - | 78 |
| Interest paid | (884) | (11,751) |
| Interest received | 4 | 250 |
| Net cash used in operating activities | (2,026) | (25,936) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | - | (10,211) |
| Proceeds from disposal of property, plants and equipment | - | 62 |
| Proceeds from disposal/(additional) in quoted shares | 2,547 | (2,449) |
| Additional of intangible assets | - | (326) |
| Net cash used in investing activities | 2,547 | (12,924) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of term loan | - | - |
| Repayment of term loan | - | (9,388) |
| Repayment of finance lease liabilities | 4,385 | (7,347) |
| Changes in LC or credit of TR | - | - |
| Proceeds private placement | - | 65,738 |
| Decreased/(Increased) in Fixed Deposit pledge to licensed banks | (20,043) | (115) |
| Net cash generated from financing activities | (15,658) | 48,888 |
| CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD | (15,137) | 10,028 |
| EFFECT OF EXCHANGE RATE FLUCTUATIONS | (106) | 2,143 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 20,951 | 8,780 |
| CASH AND CASH EQUIVALENTS END OF PERIOD | 5,708 | 20,951 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF: | | |
| Deposit with licensed bank | 18,844 | 16,937 |
| Cash and bank balances | 27,246 | 22,121 |
| Bank overdraft | (297) | (1,169) |
| | <u>45,793</u> | <u>37,889</u> |
| Deposit with licensed bank (pledge) | (18,844) | (16,938) |
| Cash at bank pledged with license bank | (21,241) | - |
| | <u>5,708</u> | <u>20,951</u> |

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 2020 and the accompanying explanatory notes to the quarterly report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUN 2021

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 2020 | 388,237 | 5,543 | (136,084) | 257,696 | (2,143) | 255,553 |
| Effect of adopting MFRS16 | - | - | - | - | - | - |
| | 388,237 | 5,543 | (136,084) | 257,696 | (2,143) | 255,553 |
| Net profit for the financial year | - | - | (190,642) | (190,642) | 457 | (190,185) |
| Exchanges translation differences for foreign operations | - | (343) | - | (343) | (66) | (409) |
| Total comprehensive income for the financial year | - | (343) | (190,642) | (190,985) | 391 | (190,594) |
| 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 (Audited) | <u>453,975</u> | <u>5,200</u> | <u>(326,726)</u> | <u>132,449</u> | <u>(1,752)</u> | <u>130,697</u> |

| | 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 2021 | 453,975 | 5,200 | (326,726) | 132,449 | (1,752) | 130,697 |
| Effect of adopting MFRS16 | - | - | - | - | - | - |
| | 453,975 | 5,200 | (326,726) | 132,449 | (1,752) | 130,697 |
| Net profit for the financial year | - | - | 2,278 | 2,278 | 306 | 2,584 |
| Exchanges translation differences for foreign operations | - | (106) | - | (106) | - | (106) |
| Total comprehensive income for the financial year | - | (106) | 2,278 | 2,172 | 306 | 2,478 |
| Transactions with owner: | | | | | | |
| Issue of ordinary shares: Private placement | - | - | - | - | - | - |
| Total transaction with owners | - | - | - | - | - | - |
| At 31 June 2021 (Unaudited) | <u>453,975</u> | <u>5,094</u> | <u>(324,448)</u> | <u>134,621</u> | <u>(1,446)</u> | <u>133,175</u> |

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 2020, 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 2020.

The financial statements of the Group have 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 2020 except for the adoption of the following with effect from 1 January 2021:

| | |
|--|--|
| Amendments to MFRS 3 | Reference to the Conceptual Frameworks |
| Amendments to MFRS 7, MFRS 9 and MFRS 139 | Interest Rate, Benchmark Reform – Phase 2 |
| MFRS 4, and MFRS 16 | |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current |
| 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 2020 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

The COVID-19 pandemic has 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.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2021

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 2021 | 1,525,276 | 453,975 | 453,975 |
| Issue of ordinary shares: | | | |
| - Private placement | - | - | - |
| As at 30 Jun 2021 | 1,525,276 | 453,975 | 453,975 |

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 Jun 21 | 30 Jun 20 | 30 Jun 21 | 30 Jun 20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment revenue | | | | |
| - Services and trading | 30,339 | 30,260 | 116,881 | 64,307 |
| - Construction | - | - | - | - |
| Elimination of inter-segment | | | | |
| Total | 30,339 | 30,260 | 116,881 | 64,307 |
| Segment result | | | | |
| - Services and trading | 1,160 | (15,873) | 2,278 | (27,668) |
| - Construction | - | - | - | - |
| Profit/(loss) after tax and NCI | 1,160 | (15,873) | 2,278 | (27,668) |

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2021

b) Analysis by Geographical Area

| | Current Quarter | | | |
|----------------|----------------------------|--------------------|------------------------|------------------------|
| | 3 months ended 30 Jun 2021 | | | |
| | Malaysia RM'000 | Overseas RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Revenue | | | | |
| External sales | 15,689 | 14,650 | - | 30,339 |
| Inter segment | - | - | - | - |
| Total | 15,689 | 14,650 | - | 30,339 |

| | Preceding Quarter | | | |
|----------------|----------------------------|--------------------|------------------------|------------------------|
| | 3 months ended 30 Jun 2020 | | | |
| | Malaysia RM'000 | Overseas RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Revenue | | | | |
| External sales | 17,869 | 12,391 | - | 30,260 |
| Inter segment | - | - | - | - |
| Total | 17,869 | 12,391 | - | 30,260 |

| | Cumulative Quarter | | | |
|----------------|----------------------------|--------------------|------------------------|------------------------|
| | 6 months ended 30 Jun 2021 | | | |
| | Malaysia RM'000 | Overseas RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Revenue | | | | |
| External sales | 85,896 | 30,985 | - | 116,881 |
| Inter segment | - | - | - | - |
| Total | 85,896 | 30,985 | - | 116,881 |

| | Preceding Cumulative Quarter | | | |
|----------------|------------------------------|--------------------|------------------------|------------------------|
| | 6 months ended 30 Jun 2020 | | | |
| | Malaysia RM'000 | Overseas RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Revenue | | | | |
| External sales | 42,737 | 21,564 | - | 64,307 |
| Inter segment | - | - | - | - |
| Total | 42,737 | 21,564 | - | 64,307 |

| | 30 Jun 2021 | | | |
|---------------------|--------------------|--------------------|------------------------|------------------------|
| | Malaysia RM'000 | Overseas RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Segment Assets | 332,173 | 149,633 | - | 481,806 |
| Segment liabilities | 181,908 | 166,723 | - | 348,631 |
| Depreciation | 1,906 | 708 | - | 2,616 |
| | 30 Jun 2020 | | | |
| | Malaysia RM'000 | Overseas RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Segment Assets | 478,167 | 114,479 | - | 592,646 |
| Segment liabilities | 290,932 | 64,040 | - | 354,972 |
| Depreciation | 4,582 | 963 | - | 5,545 |

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2021

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:

- Destini Rail Sdn Bhd, a wholly-owned subsidiary of Destini, had on 24/2/2021 entered into a Subscription, Joint Venture and Shareholders Agreement with KTMB Technics Sdn Bhd and ET Sdn Bhd.

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, the following significant events which took place for the Company and its subsidiaries:

1. Destini Oil Services Sdn Bhd, a wholly-owned subsidiary of Destini, had on 21 July 2021 received and accepted an award for the contract of Provision Of Tubular Handling And Conductor Installation Equipment & Services for Repsol Oil & Gas Malaysia Limited, the Contract has no specific value as the contract is on a “call-out” basis whereby the work orders will be awarded at the discretion of the client based on the schedule and rates throughout the duration of the contract.

A13. Contingent Liabilities or Assets

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

| | Year to Date 30-Jun-21 RM '000 | Year to Date 31-Dec-20 RM '000 |
|--|---|---|
| Banker's guarantees in favour of the local authorities for the purpose of development projects - secured | 18,844 | 16,938 |

A14. Capital Commitments

| | Year to Date 30-Jun-21 RM '000 | Year to Date 31-Dec-20 RM '000 |
|------------------------------|---|---|
| Approved and contracted for: | - | - |

A15. Significant related party transactions

There were no significant related party transactions incurred during the financial quarter ended 30 Jun 2021.

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

B1. Review of Performance

Destini's revenue jumped 82% to RM116.88 million for the financial period ended 31 Jun 2021 from RM64.30 million in the preceding year corresponding period. During the same period, the Group recorded a profit after tax and non-controlling interest of RM2.27 million for the current quarter under review as compared to loss after tax and non-controlling interest of RM27.66 million in the preceding year corresponding period.

The increase in income was recognized from the increase in activities for its aviation & defence as well as marine and energy divisions. Destini is currently on track to deliver its MD530G contract that is scheduled for delivery in 2021. Meanwhile, Destini's marine division and energy division also contributed positively to the Group during the quarter under review from an increase in job orders.

Despite reporting an increase in income for most of its business divisions, the Group's rail & land transport division has yet to seize an opportunity in its industry which is currently still sluggish.

B2. Review of Current Quarter against Preceding Quarter

The Group registered a revenue of RM30.33 million for the current quarter under review from a revenue of RM 86.54 million in the preceding quarter. The Group's profit after tax and non-controlling interest stood at RM1.16 million for the current quarter under review as compared to a profit after tax and non-controlling interest of RM1.12 million in the preceding quarter.

The increase in earnings is from continuous activities from existing contracts and an increase in income recognition for its aviation & defence as well as marine and energy divisions.

B3. Commentary on Prospects for the Next Financial Quarter

There are still many uncertainties that 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 moving forward.

Foreseeing this, the Group has taken pre-emptive measures to be resilient in weathering the current challenging environment by focusing in strengthening the Group's four core businesses which are aviation & defence, marine, energy and rail & land transport. The Group's four core businesses are an essential service to the country, which should bode well as the economy slowly recovers.

Destini has implemented a series of cost efficiency measures and strategies to enhance its current capabilities for expansion into new potential businesses within its related core competencies to ensure group-wide business continuity and sustainability.

With the ongoing COVID-19 vaccine roll-out at its peak, Destini is hoping that it's business will return back to normal by the end of the year as the country reaches herd immunity, albeit a challenging and competitive operating environment. Nevertheless, the Group remains confident to weather these uncertainties and ride on any opportunities arising within its core expertise.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2021

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-Jun-21 RM '000 | 30-Jun-20 RM '000 | 30-Jun-21 RM '000 | 30-Jun-20 RM '000 |
| Current taxation | (1,777) | 7 | (1,892) |

B6. Corporate Proposals

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

1. 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 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 (“PP”) of up to 277,255,271 new Destini shares, representing 20% of the issued and paid up share capital of Destini.

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. On 3/12/2020, 139,000,000 Placement Shares at RM0.2200 per Placement Share were listed.

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- i) Utilization status off the proceeds raised in the PP of RM30,580,000 are as follows:-

| Utilisation purposes | Proposed utilisation | Actual utilisation | Timeframe for utilisation | Deviation | |
|---------------------------------------|----------------------|--------------------|--------------------------------------|-----------|---|
| | RM | RM | | 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 | | - | - |

- ii. Bursa Securities had, vide its letter dated 29/3/2021 granted an extension of time up to 7/10/2021 to complete the implementation of the said PP.
2. Destini Shipbuilding and Engineering Sdn Bhd. an indirect subsidiary of Destini had on 21/4/2021, entered into a conditional share sale agreement (SSA) with THHE Fabricators Sdn Bhd for the disposal of 382,500 ordinary shares in TDSB, representing 51% equity interest in TDSB for a cash consideration of RM121,131.12.

The Conditional Period under the SSA i.e. the period within which the conditions precedent are to be fulfilled or obtained, has been automatically extended for a further period of 3 months commencing immediately after the expiry of the Conditional Period on 20 July 2021 as per the terms of the SSA. Save for the above, all other terms, conditions and provisions contained in the SSA shall remain unchanged and continue to be in full force and effect.

B7. Group Borrowings and Debt Securities

Group borrowings are as follows:-

B7.1 Short Term Borrowings

| <u>Secured</u> | 31-Jun-21 RM '000 | 31-Dec-20 RM '000 |
|---|------------------------------|------------------------------|
| <i>Denominated in Ringgit Malaysia:</i> | | |
| Hire Purchase and Lease Payables | 1,185 | 1,944 |
| Bank Borrowing | 80,720 | 81,994 |
| <i>Denominated in Singapore Dollar (SGD):</i> | | |
| Hire Purchase and Lease Payables | 10,282 | 1,389 |
| Overdraft | 914 | 285 |
| Bank Borrowing | 7,394 | 1,970 |
| <i>Denominated in Chinese Renminbi (CNY):</i> | | |
| Term Loans | - | 3,251 |
| TOTAL | 100,495 | 90,833 |

B7.2 Long Term Borrowings

| <u>Secured</u> | 30-Jun-21 RM '000 | 31-Dec-20 RM '000 |
|--|------------------------------|------------------------------|
| <i>Denominated in Ringgit Malaysia</i> | | |
| Hire Purchase and Lease Payables | 4,860 | 5,666 |
| Term Loan | 10,880 | 11,779 |
| <i>Denominated in Singapore Dollar (SGD)</i> | | |
| Hire Purchase and Lease Payables | 882 | 1,454 |
| Bank Borrowing | 3,370 | 8,362 |
| Total | 19,992 | 27,262 |

B8. Material Litigation

As at the date of this announcement, the following litigations took place for the Company and its subsidiaries:

1. Destini Shipbuilding and Engineering Sdn Bhd (“DSBE”) had been served with a Writ of Summons and Statement of Claim wherein a Summary Judgment has been granted in favor of LHDN, details of which are as follows:

- i) **Date of service of the Writ of Summons and Statement of Claim**

LHDN had filed a writ of summons and statement of claim on 18th September 2020 against DSBE (Suit No. BA-21NCVC-65-09/2020 : Outstanding Tax YA2016 amounting RM6,584,440.74 excluding interest and penalty (“**Suit 65**”).

On 2nd November 2020, Messrs Zairul Zain Syed (the Company’s solicitors) (“ZZS”) filed a memorandum of appearance for and on behalf of DSBE.

On 16th November 2020, ZZS filed a defence Suit 65. Thereafter, LHDN filed a Summary Judgment Application for Suit 65 on 22nd December 2020. Summary Judgment for Suit 65 came up for hearing on 15th June 2021, wherein, the High Court granted the Summary Judgment application.

- ii) **Details of the default or circumstances leading to the filing of the Writ of Summons and the particulars of the claim under the Writ of Summons, including the amount claimed for and the interest rate**

The circumstances leading to the filing of the Writ of Summons against DSBE was due to the fact the DSBE had allegedly failed to settle an outstanding tax assessment for year of assessment 2016. The outstanding tax for year Assessment 2016 amounts to RM6,584,440.74, plus 5% interest from date of judgment until full settlement.

- iii) **Confirmation as whether DSBE is a major subsidiary**

DSBE is not major subsidiary of the Company.

- iv) **Cost of Investment in DSBE**

The Company do not have direct investment in DSBE. The Company’s investment in shipbuilding activities is made through its wholly owned subsidiary, Destini Armada Sdn Bhd. (“DASB”). The Company has made full provisions on its total investment cost in DASB totaling RM77,799,998.00 as at 31 December 2020.

- v) **The financial and operational impact of the Judgment on the Group**

There is no impact on the operation of Destini Group. This is in view that the Judgement sum of RM6,584,440.74 has been incorporated in the financial statements, and the financial impact from the Summary Judgment is the loss of investment in DSBE.

- vi) **The expected loss, if any, arising from the Writ of Summons**

The Company is not expected to incur any further loss arising from the Writ of Summons.

vii) Steps taken in respect of the Writ of Summons

The Company will submit a payment settlement proposal to LHDN with a view to settling the judgement sum for Suit 65. The proposal to be submitted is with the view of fully paying the total amount owing to LHDN without incurring any further financial impact to the Company.

2. Destini Shipbuilding and Engineering Sdn Bhd (“DSBE”) had been served with a statutory notice of demand under Section 466 Companies Act 2016, details of which are as follows:

i) Date of presentation of the Winding-Up Petition

DSBE had on 8 March 2021 received a sealed winding-up petition dated 19 February 2021 from Messrs. Vin & Isaac Lee, the Solicitors who act on behalf of Doedijns B.V. (Formerly Sypack B.V.) (“Doedijns” or “the Petitioner”) claim against DSBE for the outstanding sum of €131,256.07 equivalent to (RM658,905.47 at RM5.02 to €1 as at 29 June 2021), being the outstanding amount due pursuant to the Settlement Agreement dated 30 April 2020 inclusive 5% interest per annum on the outstanding amount.

ii) Details of the default or circumstances leading to the filing of the Winding-Up Petition and the particulars of the claim under the Winding-Up Petition, including the amount claimed for and the interest rate

The circumstances leading to the filing of the Winding-Up Petition against DSBE was due to the fact the DSBE had failed to pay the second instalment of the unpaid outstanding debt pursuant to the Settlement Agreement to the Petitioner.

iii) Confirmation as whether DSBE is a major subsidiary

DSBE is not major subsidiary of the Company.

iv) Cost of Investment in DSBE

The Company do not have direct investment in DSBE. The Company’s investment in shipbuilding activities is made through its wholly owned subsidiary, Destini Armada Sdn Bhd. (“DASB”). The Company has made full provisions on its total investment cost in DASB totalling RM77,799,998.00 as at 31 December 2020.

v) The financial and operational impact of the Winding-Up Petition on the Group

There is no major impact on the operation of the Destini Group. This is in view that the amount owing has been incorporated in the financial statements.

vi) The expected loss, if any, arising from the Winding-Up Petition

The Company is not expected to incur any further loss arising from the Winding-Up Petition.

vii) Steps taken in respect of the Winding-Up Petition

In view of DSBE had breached the terms of the Settlement Agreement, dated 30 April 2020, Doedijns served a notice pursuant to Section 465 of the Companies Act, 2016 dated 4 January 2021 and demanded a sum of €131,256.07 (excluding cost) as per the amount stated in the notice pursuant to Section 465 of the Companies Act, 2016. As there were no payment received by the Petitioner, the Petitioner proceeded with the filing of the winding-up petition. DSBE was served with the winding-up petition on 8 March 2021.

Both parties agreed to settle this matter, wherein DSBE to pay the Petitioner sum of €154,000 including cost, as full and final settlement amount.

On 22 June 2021, the Court adjourned the Hearing to 30 August 2021, pending settlement between parties. In view of the same, DSBE will make full settlement of the outstanding amount before the hearing date.

Further announcement on the material development of the above matter will be made to Bursa Malaysia Securities Berhad from time to time.

viii) Settlement of the Winding-Up Petition

Doedijns has withdrawn/ discontinue with the Winding Up Petition against DSBE. Therefore, the Winding Up Petition hearing date on 30 August 2021 will be vacated.

3. Destini Shipbuilding and Engineering Sdn Bhd (“DSBE”) had been served with a statutory notice of demand under Section 466 Companies Act 2016, details of which are as follows:

i) Date of service of the Statutory Notice of Demand

The notice was issued by Clamshell pursuant to a Summary Judgment dated 30 March 2021 obtained by Clamshell against DSBE in the amount of RM849,500 with RM3,000 costs awarded by the Court.

ii) Details of the default or circumstances leading to the statutory notice of demand and the particulars of the claim under the statutory notice of demand, including the amount claimed for and the interest rate

The Writ of Summons was filed by Clamshell on 12 August 2020. DSBE filed an application to stay the proceeding of the Clamshell’s the Writ of Summons on 23 September 2020 on the ground that under the contract between DSBE and Clamshell any dispute shall be referred to arbitration under the Construction Industry Payment and Adjudication Act 2012. However, the Court did not accept this reason and DSBE lost the stay application on 17 December 2020 and the costs were awarded by the Court payable to Clamshell amounting to RM3,500. Clamshell filed a Summary Judgement application on 12 January 2021. The court awarded summary judgement in favour of Clamshell on 30 March 2021.

After failed settlement discussions, Clamshell issued a statutory notice of demand under Section 466 Companies Act 2016 on 3 May 2021 for a sum of RM910,138.08 (inclusive interest from the date of judgment until 3 May 2021).

iii) Confirmation as whether DSBE is a major subsidiary

DSBE is not major subsidiary of the Company.

iv) Cost of Investment in DSBE

The Company do not have direct investment in DSBE. The Company’s investment in shipbuilding activities is made through its wholly owned subsidiary, Destini Armada Sdn Bhd (“DASB”). The Company has made full provisions on its total investment cost in DASB totalling RM77,799,998.00 as 31 December 2020.

v) The financial and operational impact of the Judgment on the Group

There is no impact on the operation of Destini Group. This is in view that the Judgment sum of RM910,138.08 has been incorporated in the financial statements.

vi) The expected loss, if any, arising from the Writ of Summons

The Company is not expected to incur any further loss arising from the Writ of Summons.

vii) Steps taken in respect of the Writ of Summons

The Company appealed for payment of the actual outstanding amount without interest. However, Clamshell refused and insists DSBE to pay the full amount with interest. In response to the said demand, several negotiations were held between DSBE and Clamshell to reach an amicable solution to resolve the matter. DSBE requested for indulgence for settlement in view of the ongoing conditional share sale of DSBE's interest in THHE Destini Sdn Bhd ("TDSB") to THHE Fabricators Sdn Bhd and the Share Sale Agreement ("SSA") was signed on 21 April 2021 which was announced to Bursa Malaysia Securities Berhad on 21 April 2021.

Among the terms of the SSA is that the outstanding liabilities related to the Offshore Patrol Vessel ("OPV") project will be novated to TDSB. As Clamshell's debt is an outstanding liability under the OPV project, Clamshell's debt will be novated to TDSB for payment. As at the date of this announcement, parties are finalizing the terms of the deed of novation and complying with the conditions precedent in the SSA.

4. Destini Berhad ("the Company") wishes to announce that it had been served with a Winding Up Petition ensued from a Summary Judgment entered against its indirect subsidiary, Safear Technical Sdn Bhd and Destini Berhad, details of which are as follows:

i) Date of service of the Writ of Summons and Statement of Claim against Safear Technical Sdn Bhd and Destini Berhad

TCR had filed a writ of summons and statement of claim on 8th January 2021 against Safear Technical Sdn Bhd ("SAT") and Destini Berhad ("DB") (Suit No. BA-22NCVC-2-01/2021: for unpaid invoices and penalty for early termination of Full Service Rental Agreement. DB was sued as a corporate guarantor to SAT.

On 18th January 2021, Messrs Mansoor Saat & Co ("MS") filed a memorandum of appearance for and on behalf of SAT and DB.

On 8th February 2021, MS filed a defence. Thereafter, TCR obtained a summary judgement on 21st June 2021

ii) Details of the default or circumstances leading to the filing of the Winding Up Petition and the particulars of the claim under the Winding Up Petition, including the amount claimed for and the interest rate

The circumstances leading to the filing of the Writ of Summons against SAT and DB was due to the outstanding invoices payment and penalty for Full-Service Rental Agreement (FSRA), interest on the principal amount, plus 5% interest from date of judgment until full settlement due and owed by SAT

DB, through its wholly-owned subsidiary, Destini Aviation Sdn Bhd had entered into a Share Sales Agreement ("SSA") with Rose Gold Sdn Bhd ("RGSB") dated 31st

December 2020 for the sale of shares it owned in SAT. Amongst the salient terms under the SSA is, payment due to TCR shall be paid before 31st January 2021. However due to current pandemic Covid-19 and the Movement Control Order restrictions, fulfillment of the terms of the SSA was delayed.

iii) Details of the default or circumstances leading to the filing of the Winding Up Petition, including the amount claimed for and the interest rate

TCR served a statutory notice under Section 466 of Companies Act 2016 to DB on 7th July 2021, claiming for RM3,613,484.46, inclusive interest and cost awarded by the Court.

SAT and DB filed an appeal against the Summary Judgment on 19th July 2021 and an application to stay the execution of judgment on 28th July 2021. Nevertheless, TCR proceed to file a Winding Up Petition against DB.

The First Case Management date of the Winding Up Petition is fixed on 19th August 2021.

iv) Confirmation as whether SAT is a major subsidiary

SAT is not major subsidiary of the Company.

v) Cost of Investment in SAT

The Company do not have direct investment in SAT. The Company's investment in aviation maintenance activities is made through its wholly owned subsidiary, Destini Aviation Sdn Bhd. ("DASB"). The Company has made full provisions on its total investment cost in DASB totalling RM16,733,333 as at 31 December 2020.

vi) The financial and operational impact of the Judgment on the Group

There is no material impact on the operation of the Destini Group. This is in view that the Judgment sum of RM3,345,316.63 has been incorporated in the audited financial statements for the financial year ended 31 December 2020.

vii) The expected loss, if any, arising from the Winding Up Petition

The Company is not expected to incur any further loss arising from the Winding Up Petition.

viii) Steps taken in respect of the Winding Up Petition.

SAT and DB filed an appeal against the Summary Judgment on 19th July 2021 and an application to stay the execution of judgment on 28th July 2021. The First Case Management date for the Appeal is fixed on 25th October 2021 and the Hearing for the Stay Application is fixed on 15th September 2021. We are currently negotiating on a without prejudice basis with TCR for the repayment.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Jun 2021

B9. Dividends

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

B10. Notes to the Statement of Comprehensive Income

| | Year to date 30-Jun-21 RM '000 | Year to date 31-Dec-20 RM '000 |
|---|---|---|
| Profit for the period is arrived at after charging/(crediting):- | | |
| Depreciation of property, plant and equipment | 2,616 | 16,585 |
| Interest expense | 884 | 10,958 |
| Fair value adjustment on investment in securities | - | (475) |

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 |
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| Attributable to owners of parent (RM'000) | 1,160 | (15,873) | 2,278 | (27,668) |
| Weighted average number of ordinary shares ('000) in issue | 1,525,276 | 1,205,230 | 1,525,276 | 1,218,417 |
| Basic earnings per share (Sen) | 0.08 | (1.32) | 0.15 | (2.27) |

B12. Disclosure of realised and unrealised profit

| | Year to Date 30-Jun -21 RM'000 | Year to Date 31-Dec-20 RM'000 |
|--|---|--|
| Total accumulated losses of the Company and its subsidiaries | | |
| - Realised | (371,040) | (321,329) |
| <u>Less: consolidation adjustments</u> | 46,592 | (5,397) |
| Total retained profits | (324,448) | (326,726) |

BY ORDER OF THE BOARD**DATO' ROZABIL ABDUL RAHMAN**
President and Group Chief Executive Officer