CONTENT

02 - 03   ABOUT DESTINI BERHAD
04 - 06   DESTINI’S MILESTONES
08 - 09   CORPORATE STRUCTURE
10 - 11   SUBSIDIARIES, SUB-SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES
12   CORPORATE INFORMATION
13   FINANCIAL PERFORMANCE AT A GLANCE
14   FIVE YEAR GROUP FINANCIAL PERFORMANCE
16 - 17   BOARD OF DIRECTORS
18 - 24   DIRECTOR’S PROFILE
25 - 26   SENIOR MANAGEMENT TEAM
27 - 30   SENIOR MANAGEMENT PROFILE
32 - 35   CHAIRMAN’S STATEMENT
36 - 40   GROUP MANAGING DIRECTOR’S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS
42 - 43   STATEMENT OF CORPORATE SUSTAINABILITY
44 - 59   STATEMENT OF CORPORATE GOVERNANCE
60   ADDITIONAL COMPLIANCE INFORMATION
61 - 62   AUDIT COMMITTEE REPORT
63 - 65   STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
67 - 175   FINANCIAL STATEMENTS
176 - 177   LIST OF PROPERTIES
178 - 181   ANALYSIS OF SHAREHOLDINGS
182 - 183   NOTICE OF ANNUAL GENERAL MEETING
184   STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM
Destini Berhad is an integrated engineering solutions provider with diverse interest in the aviation, marine, land transport as well as oil and gas industries. In its formative years, the Group started off as an aviation tool and spare parts trading company supplying for the defence industry. Two decades later, Destini evolved to provide a diversified range of products and services for the aviation, marine and land transport industries for both the defence and commercial sectors. With a diverse portfolio and a wider foothold in the oil and gas industry, it has enabled the Group to expand its geographical footprint over the Asian, Australian, Middle East and European regions.

Destini focuses on offering total engineering solutions that form an integral part of customers' assets and businesses.

The Group's engineering capabilities are spread worldwide with facilities and operations in Asia, Australia, Middle East and Europe.

We offer our expertise in niche markets where it can provide the highest impact to customers' operations, especially within the aviation, marine, oil and gas and land transport industries.
Aviation
• Provides technical line maintenance and hangar-based MRO for civil airlines
• Provides civil airline component MRO services
• Provides cylinder testing and calibration services
• Is able to take on aircraft salvage operations
• Provides safety and survival-related equipment MRO for the Armed Forces and civil airlines

Marine
• Shipbuilding and ship repair for paramilitary and commercial vessels
• Provides safety and survival-related equipment MRO for maritime agencies
• Manufactures lifeboats, fast rescue boats, davit systems and hooks

Land Transport
• Assembly, fabrication, refurbishment and MRO of vehicles used by the Armed Forces, police and other government agencies
• Assembly, fabrication, refurbishment and MRO of commercial security vehicles such as busses, coaches and vans.
• Supply electronic equipment, surveillance and tracking systems, spare parts, components and accessories for both security and defence related special vehicles.

Oil & Gas
• Is able to support oil field decommissioning and well plug abandonment
• Provides tubular handling equipment and running services for oil and gas exploration and production
• Provides bucking services and hammer services for well drilling
• Provides thru-tug workover/completion systems and a variety of thru-tubing packer systems for many remedial well bore operations.

Others
• Design, analyse and manufacture customized tools and equipment for aviation, naval and automotive industries in the defence sector as well as oil and gas
• Prototype development
• Rectification and modernisation of weapons testing systems
• Troubleshoot and repair services
• Waste disposal management and treatment
DESTINI’S MILESTONES

MARCH 1991
Satang Jaya Sdn Bhd commenced operations as an aviation tools and spare parts supplier.

MAY 1998
Satang Jaya was awarded the contract to provide MRO services for the Royal Malaysian Air Forces’ (“RMAF”) safety and survival related equipment.

DECEMBER 2005
Satang Jaya entered Bursa Malaysia, under the name Satang Jaya Holdings Berhad and subsequently changed its name to Satang Holdings Berhad in June 2007.

MAY 2008
Due to financial woes, Satang Holdings fell into Bursa Malaysia’s PN17 category.

JULY 2009
Satang Holdings shares were suspended from trading by Bursa Malaysia on July 13.

SEPTEMBER 2011
As part of its regularisation plan, Satang Holdings changed its name to Destini Berhad to reflect a synergised and aligned business direction. The name change is also part of a turnaround plan for the Group to strengthen its financial muscles while exploring new business ventures.

FEBRUARY 2012
Destini acquired a 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd (SERT).

AUGUST 2012
Destini’s suspension of trade by Bursa Malaysia was lifted on August 13 after its regularisation plan was approved.
AUGUST 2013
The Group acquired its own building in Glenmarie Industrial Park, Shah Alam to house its corporate office and workshop facilities.

MARCH 2014
Destini acquired a 51.9% stake in Green Pluslink Sdn Bhd, a company that is in the business of extrusion and recycling of waste tyres to produce carbon black, diesel fuel and scrap metal.

MARCH 2013
Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd for RM80 million.

APRIL 2013
- Destini acquired the Techno FIBRE Group to wholly-own Techno FIBRE Australia Pty Ltd, Techno FIBRE Middle East Marine Services FZE, Techno FIBRE International Sdn Bhd and Techno FIBRE (S) Pte Ltd. The Techno FIBRE Group is in the business of lifeboat and davit maintenance.
- After completing its regularisation plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

AUGUST 2014
Destini acquired a 50% stake in Detrac Sdn Bhd to become the research and development arm of the Group. Subsequently, the Group increased its shareholding in Detrac to 70% in November 2014.

JUNE 2015
- Destini wholly acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.
- Destini Aviation Sdn Bhd entered into a joint venture agreement with UK-based Avia Technique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd (DAT). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for civil aircraft components.

SEPTEMBER 2015
Destini acquired the remaining 49% stake it did not own in Vanguard to wholly-own the lifeboat maker.

DECEMBER 2012
Destini acquired a 51% stake in Singapore-based Vanguard Composite Engineering Pte Ltd, a company that manufactures lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.
The Group acquired Destini Shipbuilding and Engineering Sdn Bhd (DSBE) to enable it to fabricate six 44.25-meter New Generation Patrol Crafts worth RM381.30 million for the Malaysian Maritime Enforcement Agency (MMEA).

Vanguard receives contract to supply eight Self-Propelled Hyperbaric Lifeboats to UK-based JFD.

Destini Prima Sdn Bhd entered into a Memorandum of Understanding with AMMROC (Advanced Military Maintenance, Repair and Overhaul Centre) L.L.C. to form a strategic alliance for the provision of MRO on aircraft escape systems.

TF Corp Pte Ltd subscribed to 60% of shares in Imes Marine Safety Systems Limited. The company is principally in the business of inspection, testing, repair and maintenance of marine safety systems such as lifeboats and its components.

DSBE and TH Heavy Engineering Berhad’s wholly-owned subsidiary THHE Fabricators Sdn Bhd formed an incorporated joint venture company, to procure the award for the supply, delivery, testing and commissioning of three 80 meter Offshore Patrol Vessels.

The Group secured a three-year contract extension to provide MRO services and to supply safety and survival related equipment to the RMAF for RM98.20 million.
"Strengthening shipbuilding and ship repair capabilities"
CORPORATE STRUCTURE

- 100% DESTINI PRIMA SDN BHD
- 100% DESTINI ARMADA SDN BHD
- 100% DESTINI ARMADA PTE LTD
- 100% DESTINI AVIATION SDN BHD
- 100% SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN BHD
- 100% DESTINI OIL SERVICES SDN BHD
- 70% DETRAC SDN BHD
- 100% DESTINI ENGINEERING TECHNOLOGIES SDN BHD
- 100% DESTINI INFO TECH SDN BHD
- 100% DESTINI HRTC SDN BHD
- 100% LAND AUTO TECHNOLOGY SDN BHD
- 100% DESTINI FIRE SAFETY SDN BHD
- 100% DESTINI AERO TEKNOLOGI SDN BHD
- 100% DESTINI FIRST SDN BHD
- 51.9% GREEN PLUSLINK SDN BHD
- 100% PRINSIP PERTIWI SDN BHD
### SUBSIDIARIES, SUB-SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

1. **Destini Prima Sdn. Bhd. (223732-V)**
   - Supply of defense and commercial aviation and marine equipment. Maintenance, repair and overhaul services for safety, survival, security and rescue equipment.

   - Provides safety, security and defense products including consultancy services.

   - Supply, servicing and up keeping military vehicles, buses, and supply of motor trolleys.

   - Investment holding.

   - Manufacturer of paramilitary boats and vessels and provides ship repair and marine-related engineering services.

   - Manufacturer of paramilitary vessels and provides marine-related engineering services.

   - Provides maintenance, repairs and overhaul of aviation ground support safety and survival equipment.

   - Specialise in aircraft servicing and provide technical ground handling services for commercial airlines operating in Malaysia.

   - Specialise in maintenance, repair and overhaul for aircraft component and equipment catered to commercial aviation sector.

    - Provider of tubular handling equipment and running services in the oil and gas industry.

    - Provides engineering and fabrication of structures and equipments.

12. **Emirates Kejurteraan Samudra Timur Berhad Petroleum Services L.L.C (Trade License No. 1000730)**
    - Provides (i) Oil and Gas Production Facilities Operation and Maintenance Services and (ii) Onshore and Offshore Oil, Gas Fields and Facilities Services.

    - Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development.

    - Maintenance, repair and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas.

    - Provides ICT consultancy and solution services.

    - Provides training & education consultancy.

    - Vendor of defence and aviation equipment, parts and accessories.

    - To carry on the business of provision of calibration and cylinder services.

    - To carry on the business of extrusion and recycling of waste tyres.

    - Fabrication, manufacturing, supply delivery and maintenance of land vehicles.

    - To carry on the business as general merchants.

22. **Destini Armada Pte Ltd (201228769N)**
    - Investment Holding.
Vanguard Composite Engineering Pte Ltd (198700526G)
Manufacture and offer the service and maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

Vanguard Safety Technologies Sdn. Bhd. (1033613-X)
Manufacture, marketing and servicing of safety related products for the marine and oil and gas industry and to provide training and technical assistance to authorized service agents globally.

Vanguard Offshore Pte Ltd (200923004Z)
Wholesaler of marine equipment and accessories (general importers and exporters of marine equipment and accessories).

Vanguard (Nantong) F.R.D Co Ltd (3200775411024)
Manufacturing, maintaining and trading of FRP ship, FRP products and life-saving equipment.

TF Corp Pte Ltd (201310889H)
Investment Holding.

IMES Marine Safety Systems Limited (SC500305)
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

Techno Fibre Australia Pty Ltd (ACN 103 625 618)
Provides maintenance, repair and testing of lifeboats and davits on cruise ships, offshore platforms and general shipping.

Technofibre International Sdn. Bhd. (522271-P)
Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

Techno Fibre (S) Pte Ltd (199300541H)
Repair and service of fibre composite life boats and davits and consultation engineering and servicing.

Techno Fibre Middle East Marine Services FZE (Sharjah) (06585)
Supply lifeboats and davit, fast rescue repair, maintenance and load testing together with liferaft. Inspection and servicing of fire and gas protection and detection systems.

Techno Fibre Middle East Marine Services (Fujairah) (12-B-113121)
Provides marine maintenance, repair and overhaul services trading.

TF Emirates Marine Services L.L.C. (TN-1794649)
Provides marine maintenance, repair and overhaul services and trading.

TF Corp Saudi Arabia Co Ltd (SAGIA LICENSE NO -12219360655725)
Providing maintenance, installation and repair of marine equipment and trading activities of marine safety products.

Destini Aero Teknologi Sdn. Bhd. (967257-T)
Dormant.

Destini Australia Pty Ltd (158 026 049)
Dormant.

Destini Fire Safety Sdn. Bhd. (523347-K)
Dormant.

Satang Environmental Sdn. Bhd. (546811-V)
Dormant.

Satang ICS-Global Sdn. Bhd. (741664-D)
Dormant.
CORPORATE INFORMATION

BOARD OF DIRECTORS
1. Tan Sri Dato’ Sri Rodzali Daud
   Independent & Non-Executive Chairman
2. Dato’ Rozabil @ Rozamujib Abdul Rahman
   Group Managing Director
3. Dato’ Sri Dr Mohmad Isa Hussain
   Non-Independent & Non-Executive Director
4. Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid
   Senior Independent & Non-Executive Director
5. Dato’ Che Sulaiman Shapie
   Independent & Non-Executive Director
6. Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman
   Independent & Non-Executive Director
7. Abdul Rahman Mohamed Rejab
   Executive Director

AUDIT COMMITTEE
Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid
   Chairman
Dato’ Che Sulaiman Shapie
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman

NOMINATION AND REMUNERATION COMMITTEE
Tan Sri Dato’ Sri Rodzali Daud
   Chairman
Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid
Dato’ Che Sulaiman Shapie

COMPANY SECRETARIES
Tan Tong Lang (MACSA 7045482)
Chong Voon Wah (MACSA 7055003)

AUDITORS
Messrs UHY
   Firm Number : AF 1411
   Chartered Accountants
   Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
   Tel : 03-2279 3088
   Fax : 03-2279 3099

PRINCIPAL BANKER
1. AmIslamic Bank Berhad (8515-D)
2. Malayan Banking Berhad (3813-K)
3. Export-Import Bank of Malaysia Berhad (357198-K)
4. Affin Hwang Investment Bank Berhad (14389-K)

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
   Stock Name : DESTINI
   Stock Code : 7212

REGISTRAR
Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur
   Tel : 03-7727 3873
   Fax : 03-7728 5948
   Email : insurban@yahoo.com

INVESTOR RELATIONS
Alex Lam
   No. 10 Jalan Jurunilai U1/20
   Hicom Glenmarie Industrial Park
   40150 Shah Alam
   Selangor Darul Ehsan
   Tel : 03-5567 0333
   Fax : 03-5569 1233

CORPORATE OFFICE
No. 10 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan
   Tel : 03-5567 0333
   Fax : 03-5569 1233
   Email : info@destinigroup.com
   Website : www.destinigroup.com
FINANCIAL PERFORMANCE
AT A GLANCE

Revenue
- UP 31% y-o-y to RM354.76 million

PATNCI
- UP 56% y-o-y to RM33.03 million

EPS
- UP 25% y-o-y from 3.27 sen

Revenue Contribution
- 55% Marine
- 30% Aviation
- 5% Land Transport
- 10% Oil and Gas

PATNCI Contribution
- 72% Marine
- 8% Aviation
- 15% Oil and Gas
### FIVE YEAR GROUP FINANCIAL PERFORMANCE

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<tbody>
<tr>
<td><strong>Revenue (RM'000)</strong></td>
<td>354.76</td>
<td>270.05</td>
<td>167.25</td>
<td>93.31</td>
<td>56.83</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>46.23</td>
<td>25.41</td>
<td>21.22</td>
<td>14</td>
<td>8.08</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>31.09</td>
<td>17.32</td>
<td>14.52</td>
<td>10.87</td>
<td>7.04</td>
</tr>
<tr>
<td><strong>Total Assets (RM'000)</strong></td>
<td>681.56</td>
<td>500.48</td>
<td>343.59</td>
<td>167.15</td>
<td>72.15</td>
</tr>
<tr>
<td><strong>Basic Earnings Per Share (sen)</strong></td>
<td>3.27</td>
<td>2.61</td>
<td>2.28</td>
<td>2.09</td>
<td>5.37</td>
</tr>
<tr>
<td><strong>Net Assets Per Share (sen)</strong></td>
<td>42</td>
<td>38</td>
<td>31</td>
<td>21</td>
<td>14</td>
</tr>
</tbody>
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#### Graphs

- **Revenue (RM'000)**
- **Profit Before Tax (RM'000)**
- **Profit After Tax (RM'000)**
- **Total Assets (RM'000)**
- **Basic Earnings Per Share (sen)**
- **Net Assets Per Share (sen)**
"Decommissioning works being done offshore Peninsular Malaysia"
1. Tan Sri Dato’ Sri Rodzali Daud  
   Independent and Non-Executive Chairman

2. Dato’ Rozabil @ Rozamujib Abdul Rahman  
   Group Managing Director

3. Dato’ Sri Dr Mohmad Isa Hussain  
   Non-Independent and Non-Executive Director

4. Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid  
   Senior Independent & Non-Executive Director

5. Dato’ Che Sulaiman Shapie  
   Independent and Non-Executive Director

6. Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman  
   Independent and Non-Executive Director

7. Abdul Rahman Mohamed Rejab  
   Executive Director
TAN SRI DATO’ SRI RODZALI DAUD
Independent & Non-Executive Chairman
Chairman of the Nomination and Remuneration Committee

Nationality - Malaysian
Gender - Male
Age - 62 Years Old
Date of Appointment - 15 May 2015
Areas of expertise - Defence

Qualifications:
1. Masters in Defence Studies from Universiti Kebangsaan Malaysia
2. Masters in Strategic Studies from Quaid-I-Azam University, Pakistan

Tan Sri Dato’ Sri Rodzali has had an illustrious and exemplary career in the Royal Malaysian Air Force ("RMAF"), starting off as an Officer in the RMAF in 1973 until his retirement as the Chief of the Royal Malaysian Air Force in March 2015.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.
Dato’ Rozabil has been on the board as Group Managing Director since 7 January 2014. Initially he was appointed as an Independent & Non-Executive Director on 11 November 2010. Upon the resignation of the former Managing Director, he then was re-designated as Managing Director of the Company on 3 January 2011.

He has diversified interests ranging from construction and property development to trading and serves as director of several other private companies. He started his career as Managing Director and owner of Benar Prima Holdings Sdn. Bhd., a holding company that has businesses in engineering, property development and investments.

His vision and strategies have led to the Group’s successful track record of growth and financial strength and is also instrumental in leading the executive team in implementing the Group’s strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading the Group into the future.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.
Dato’ Sri Dr Mohmad Isa Hussain
Non-Independent & Non-Executive Director

Nationality - Malaysian
Gender - Male
Age - 59 Years Old
Date of Appointment - 1 December 2015
Areas of expertise - Finance, Investment

Qualifications :
1. Philosophy Doctorate (PhD) in Finance from the Universiti Putra Malaysia (UPM)
2. Master of Business Administration (MBA) in Finance from the Universiti Kebangsaan Malaysia (UKM)
3. Bachelor of Economics (Honours) degree in Applied Statistics from the Universiti Malaya (UM)
4. Post-graduate Diploma in Public Management from the National Institute of Public Administration (INTAN)

Dato’ Sri Dr Mohmad Isa began his career in 1983 as Assistant Director in the Prime Ministers Department and subsequently appointed as Assistant Director at the Pahang State Economic Planning Unit of Pahang in 1985. He then joined the Ministry of Finance (MOF), holding various positions, including Assistant Secretary in the Government Procurement Division from 1990 to 1995 and as Senior Assistant Director of the Budget Management Division until 2000. In 2004, he assumed the position of Deputy Under Secretary of Investment, Minister of Finance (Inc.) and Privatisation Division. Dato’ Sri Dr Mohmad Isa then moved to the Ministry of Transport Malaysia in 2008 as Deputy Secretary General (Operation) and was subsequently appointed as Interim Head of the Public Land Transportation Commission (SPAD) from 2009 to 2010.

He returned to MOF to serve as Deputy Under Secretary in Government Investment Companies (GIC) Division from 2010 to January 2015 and thereafter as Under Secretary of GIC Division. Dato’ Sri Dr Mohmad Isa is currently the Deputy Secretary General, Treasury (Investment), Ministry of Finance.

Dato’ Sri Dr Mohmad Isa also sits on the Board of several companies owned by MOF Incorporated, amongst others are EXIM Bank Berhad, FELCRA Berhad, Permodalan FELCRA Sdn Bhd, Telekom Malaysia Bhd, Pos Malaysia Bhd, Syarikat Jaminan Kredit Perniagaan and Syarikat Jaminan Pinjaman Perumahan.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.
DATO’ MEGAT FAIROUZ JUNAIDI TAN SRI MEGAT JUNID
Senior Independent & Non-Executive Director

1. Chairman of the Audit Committee
2. Member of the Nomination and Remuneration Committee

Nationality - Malaysian
Gender - Male
Age - 51 Years Old
Date of Appointment - 17 August 2010
Areas of expertise - Information Technology (IT)

Qualifications:
1. Bachelor of Science in Finance from Arkansas State University
2. Master in Business Administration from Arkansas State University

Dato’ Megat has many years of experience in the corporate sector and is currently the Independent Non-Executive Chairman of Inix Technologies Holdings Berhad.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.
DATO’ CHE SULAIMAN SHAPIE
Independent & Non-Executive Director

1. Member of the Audit Committee
2. Member of the Nomination and Remuneration Committee

Nationality - Malaysian
Gender - Male
Age - 59 Years Old
Date of Appointment - 8 January 2013
Areas of expertise - Finance, Agriculture

Qualifications:
1. Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia

Dato’ Sulaiman is currently running his own business in various fields. He has over 12 years of experience in the financial and credit management with Bank Islam Malaysia Berhad from 1984 until 1996.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.
PROFESSOR DATIN DR SUZANA SULAIMAN @ MOHD SULEIMAN
Independent & Non-Executive Director

Member of the Audit Committee

Nationality - Malaysian
Gender - Female
Age - 51 Years Old
Date of Appointment - 8 January 2013
Areas of expertise - Management Accounting

Qualifications:
1. Master of Accounting (Distinction) from Curtin University of Technology, Australia
2. Doctorate with a PhD in Management Accounting, from University of Edinburgh, Scotland, United Kingdom
3. Fellow of the Chartered Institute of Management Accountants (CIMA) UK
4. Chartered Global Management Accountant (CGMA) Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Professor Datin Dr Suzana is Professor in Management Accounting at Faculty of Accounting, Universiti Teknologi MARA (UiTM). She has about 12 years of administrative posts at UiTM. She was appointed as UiTM’s Assistant Vice Chancellor at the Institute of Leadership & Quality Management (LQAM), Head of Asian Management Accounting Research Centre (AMARC), Accounting Research Institute (ARI) and Deputy Dean (Academic). She has over 25 years of experience in the Education Field with UiTM from 1991 until now. She is also actively involved with Chartered Institute of Management Accountants (CIMA) (UK) activities and CIMA Malaysia Country Branch.

She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.
En Abdul Rahman has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.
SENIOR MANAGEMENT TEAM

DATO’ ROZABIL ABDUL RAHMAN
DESTINI BERHAD, GROUP MANAGING DIRECTOR

ABDUL RAHMAN MOHAMED REJAB
DESTINI BERHAD, EXECUTIVE DIRECTOR

ISMAIL MUSTAFFA
DESTINI BERHAD, DIRECTOR OF STRATEGIC PLANNING AND INTERNATIONAL OPERATIONS

ALEX LAM VUN CHIANG
DESTINI BERHAD, HEAD OF CORPORATE FINANCE

ROHAINI AHMAD
DESTINI BERHAD, HEAD OF HUMAN CAPITAL AND ADMINISTRATION

ARIS KEFLI MOHAMAD YUSOF
DESTINI BERHAD, HEAD OF FINANCE AND ACCOUNTING
SENIOR MANAGEMENT TEAM

SHIRAD ANUAR  
DESTINI BERHAD, HEAD OF LEGAL AND CORPORATE AFFAIRS

KHAIRUL RIZAL OSMAN  
DESTINI BERHAD, MANAGER, INTERNAL AUDIT

KABOL SURAT  
DESTINI PRIMA SDN BHD, EXECUTIVE DIRECTOR

SURENDRAN PILLAY KUMARASAMY  
SAFEAIR TECHNICAL SDN BHD, EXECUTIVE DIRECTOR

MOHD FAIZAL ALLAUDIN  
DETRAC SDN BHD, EXECUTIVE DIRECTOR

ALASTAIR J BISSET  
DESTINI ARMADA SDN BHD, CHIEF EXECUTIVE OFFICER

ZAINAL ABDULLAH  
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDH BHD, CHIEF EXECUTIVE OFFICER

SHAHRIL SUFIAN HAMDAN  
DESTINI OIL SERVICES SDN BHD, CHIEF EXECUTIVE OFFICER

AHMAD IZZUDDIN AB. RAHIM  
DESTINI AVIA TECHNIQUE SDN BHD, GENERAL MANAGER
SENIOR MANAGEMENT PROFILE

**DATO’ ROZABIL ABDUL RAHMAN**
Destini Berhad, Group Managing Director
*Please refer to profile on page 19*

**ABDUL RAHMAN MOHAMED REJAB**
Destini Berhad, Executive Director
*Please refer to profile on page 24*

**ISMAIL MUSTAFFA**
Destini Berhad, Director Of Strategic Planning and International Operations

*Date of Appointment* - January 2011
*Areas of Expertise* - Finance and Accounting

**Qualifications:**
1. General Management Programme from National University of Singapore
2. B.Sc (Hons) Degree In Finance and Accounting from University Of Salford, England
3. Diploma in Business Studies from Ngee Ann Polytechnic, Singapore

**Experience:**
- Chief Executive Officer, Al-Hidayah Group of Companies [2005 – 2010]
- Chief Financial Officer, I-Read International Pte Ltd [2003 – 2004]
- Assistant Director (Economic Development), Mendaki Foundation, Singapore [1999 – 2002]
- Assistant Director, Amanah Saham Mendaki, Mendaki Holdings Pte Ltd [1999 – 2002]
- Finance & Administration Manager, MUIS (A Statutory Board of Ministry of Community Development, Singapore) [1994 – 1998]
- Senior Auditor, Foo, Kon & Tan Grant Thornton, CPA, Singapore [1990 – 1992]

**ALEX LAM VUN CHIANG**
Destini Berhad, Head of Corporate Finance

*Date of Appointment* - August 2016
*Areas of Expertise* - Finance

**Qualifications:**
1. Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology University

**Experience:**
- Executive Director – Investments, Gabungan Aqrs Berhad [2015 – 2016]
- Deputy Director, Head - Malaysia Priority Financial Services 1, Corporate Investment Banking Services, RHB Investment Bank Berhad [2010 – 2015]
- General Manager, Head – Priority Broking, Hong Leong Investment Bank Berhad [2005 – 2010]

**ROHAINI AHMAD**
Destini Berhad, Head of Human Capital and Administration

*Date of Appointment* - January 2012
*Areas of Expertise* - Human Resource & Administration

**Qualifications:**
1. Degree in Corporate Communication from Nottingham Trent University
2. Diploma in Business Studies from Mara Institute of Technology

**Experience:**
- Executive Assistant to Managing Director, Benar Prima Group of Companies [2004 – 2011]
- Account Officer, Eon Finance Berhad – Penang Branch [1991 – 1996]
SENIOR MANAGEMENT PROFILE

ARIS KEFLI MOHAMAD YUSOF
Destini Berhad, Head Finance and Accounts

Date of Appointment - April 2012
Areas of Expertise - Accounting

Qualifications:
1. Chartered Institute of Management Accountant, UK
2. Chartered Practicing Accountants, Australia
3. Master in Business Administration, Leicester, UK
4. Advance Diploma in Accountancy, ITM
5. Malaysian Institute of Accountants (MIA)

Working Experience:
• Chief Financial Officer, Imatex Berhad [2000 – 2012]
• Accountant, U-Wood Holdings Berhad [1996 – 2000]
• Senior Accounts Executive, Propel Berhad [1993 – 1996]

KHAIRUL RIZAL OSMAN
Destini Berhad, Group Internal Audit Manager

Date of Appointment - November 2015
Areas of Expertise - Audit and Islamic Finance

Qualifications:
1. Diploma in Banking Studies from Mara University of Technologies
2. Bachelor in Business Administration from Mara University of Technology
3. Certified in Internal Auditing for Financial Institutions (CIARF)
4. Associate Qualification in Islamic Finance (AQIF)

Working Experience:
• Assistant Manager, Malaysian Industrial Development Finance [2007 – 2015]
• Head, Fraud & Authorisation Department, Cards Business, Affinbank Berhad [2005 – 2007]
• Assistant Vice President, Group Internal Audit, Affinbank Berhad [2000 – 2005]
• Senior Executive, Group Internal Audit, Bank Islam (M) Berhad [1997 – 2000]
• Credit Officer, Bank Islam (M) Berhad [1993 – 1996]

SHIRAD ANUAR
Destini Berhad, Head of Legal and Corporate Affairs

Date of Appointment - March 2017
Areas of Expertise - Law and Corporate Secretarial

Qualifications:
1. Master in Business Administration in Islamic Banking and Finance from International Islamic University Malaysia
2. LLB (Hons) Degree from Wolverhampton Polytechnic
3. Certificate of Legal Practice
4. Licensed Company Secretary

Working Experience:
• Company Secretary and Legal Advisor, Utusan Melayu (Malaysia) Berhad [2013 – 2017]
• Legal Advisor, Naza Ttdi Sdn Bhd [2011 - 2013]
• Company Secretary and Legal Advisor, GJA Engineering Sdn Bhd [2009 – 2011]
• Legal Advisor, Pantai Holdings Berhad [2007 – 2009]
• Legal Advisor, Landmarks Berhad [2001 – 2007]
• Legal Manager, DRB-Hicom Berhad [1997 – 2001]
• Assistant Legal Manager, Faber Group Berhad [1995 – 1997]
• Magistrate [1991 – 1995]

KABOL SURAT
Destini Prima Sdn Bhd, Executive Director

Date of Appointment - March 2013
Areas of Expertise - Business Management and Logistics

Qualifications:
1. Master in Business Administration from Charles Sturt University, Australia
2. Advance Diploma in Business and Management, Swansea College, UK
3. Diploma Strategic and Defense Studies, University Malaya
4. Malaysian Armed Forces Staff College, Haigate, KL
KABOL SURAT (CONTINUED)

**Working Experience:**
- Chief Executive Officer, Destini Prima Sdn Bhd [2011 – 2013]
- Executive Vice President and Chief Executive Officer, Satang Jaya Sdn Bhd [2008 – 2011]
- Executive Vice President, Business Sector 2 Satang Holdings [2008 – 2008]
- Senior Vice President, Group Business Development, Satang Holdings [2007 – 2008]
- General Manager, Executive Chairman’s Office, Satang Holdings [2006 – 2007]
- Senior Manager, Executive Chairman’s office, Satang Holdings [2005 – 2006]

**SURENDRAN PILLAY KUMARASAMY**
Safeair Technical Sdn Bhd, Executive Director

**Date of Appointment** - March 2013  
**Areas of Expertise** - Business Management and Logistics

**Qualifications:**
1. Licensed Aircraft Engineer - DCAM, CAAS, EASA  
2. Malaysia Airlines Aircraft Maintenance Engineering Graduate

**Working Experience:**
- Duty Engineer, Singapore Haeco Pte Ltd [2010]  
- Maintenance Controller, AirAsia Berhad [2005 – 2010]
- Acting Maintenance Manager, Thai AirAsia, AirAsia Berhad [2004 – 2005]
- Licensed Engineer, AirAsia Berhad [2003 – 2004]
- Licensed Engineer, Malaysia Airlines Systems Berhad [1999 – 2003]

**MOHD FAIZAL ALLAUDIN**
Detrac Sdn Bhd, Executive Director

**Date of Appointment** - August 2014  
**Areas of Expertise** - Aerospace Engineer

**Qualifications:**
1. Degree in Aerospace Engineering, University Science Malaysia  
2. Master of Space Studies, International Space University, France

**Working Experience:**
- General Manager, FAAS Engineering [2010 – 2014]
- Lecturer, School of Aerospace Engineering, USM [2003 – 2010]

**ALASTAIR JOHN BISSET**
Destini Armada Sdn Bhd, Chief Executive Officer

**Date of Appointment** - September 2014  
**Areas of Expertise** - General Management and Shipbuilding

**Qualifications:**
1. Bachelor of Science in Naval Architecture and Ocean Engineering from Glasgow University, Scotland  
2. Master of Science in Manufacturing Systems Engineering from Warwick University, England  
3. Doctorate (Hon) In International Defence Studies from The University of The Philippines

**Working Experience:**
- Business Development Director, BAE Systems Plc [2013 – 2014]
- International Director, QinetiQ Plc [2002 – 2012]
SENIOR MANAGEMENT PROFILE

ZAINAL ABDULLAH
System Enhancement Resources and Technologies Sdn Bhd, Chief Executive Officer

Date of Appointment - December 2012
Areas of Expertise - Marketing, Business Development and Engineering

Qualifications:
1. Diploma in Strategic and Defence Studies from University Malaya
2. Diploma from Malaysia Armed Forces Command and Staff College

Working Experience:
• Marketing Manager, DRB-Hicom-Deftech [2005 – 2007]
• Project Manager, Syarikat Malaysia Explosive Ordnans [2004]
• Technical Officer, Malaysia Armed Forces [1992 – 2003]

AHMAD IZUDDIN AB. RAHIM
Destini Avia Technique Sdn Bhd, General Manager

Date of Appointment - November 2016
Areas of Expertise - Aircraft Maintenance Engineering

Qualifications:
1. Master of Science (Industry & Technology Management), UKM
2. Licensed Aircraft Maintenance Engineer - DCA, EASA
3. Member of Chartered Institute Logistics & Transport, UK

Working Experience:
• Head/Senior Manager Workshop, Malaysia Airlines Systems Berhad [2009 – 2015]
• Manager, Programme Management Office [2001 – 2009]
• Licensed Aircraft Maintenance Engineer [1985 - 2001]

All of Destini’s senior management does not hold any directorship in any other public listed companies.

They have no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

They have not been convicted for any offences within the pass five years other than traffic offences, if any.

SHAHRL SUFIAN HAMDAN
Destini Oil Sdn Bhd, Chief Executive Officer

Date of Appointment - May 2014
Areas of Expertise - Management

Qualifications:
1. Bachelor of Arts in Economics and Politics from The University of Manchester
2. Master in Race, Ethnicity and Postcolonial Studies from the London School of Economics and Political Science

Working Experience:
• Associate, McKinsey and Company [2011 – 2014]
• Senior Manager, Teach for Malaysia [2011]
• Policy Aide to Rebau’s Member of Parliament [2010]
"Expanding commercial aviation MRO capabilities"
DEAR VALUED SHAREHOLDERS,

Under a challenging global economic climate, Destini Berhad (“Destini” or “the Group”) is pleased to report a commendable performance in 2016 after a year of focusing its strengths in the Group’s core businesses while exercising prudent financial management.

TAN SRI DATO’ SRI RODZALI BIN DAUD
Independent & Non-Executive Chairman
CHAIRMAN’S STATEMENT

It comes as no surprise that a majority of businesses during the current financial year under review faced some headwinds from the overall global economic climate that was not very forthcoming. In 2016, global economies saw adverse impacts from Britain’s decision to exit from the European Union and tension from America’s political scene that came after its presidential election. China’s economic growth remains sluggish that attributed to volatile market conditions.

Uncertain economic conditions impacted most global currencies. The Malaysian Ringgit weakened to its lowest of RM4.48 against the greenback in 2016, a level unseen since the 1988 economic crisis. Also having an effect on our local currency, crude oil prices for the year saw its lowest at US$28 per barrel, however, after OPEC’s announcement on a supply adjustment agreement, the commodity hovered well above US$50 towards the end of the year.

According to the International Monetary Fund ("IMF"), the global economy’s GDP saw a slide at 3.1% in 2016 as compared to 3.2% the year before. In such an environment, Malaysia’s GDP also dropped to 4.2% during the year under review, as compared to the 5% the nation reported a year before.

The IMF expects the global economy to improve with a global gross domestic product ("GDP") growth of 3.4% in 2017. Against the backdrop of a modest growth in the global economy, the country is expected to see a healthy GDP growth of 4.4% in 2017, supported by private consumption and private investments.

Corporate Developments

The Group saw several promising corporate developments in 2016. Taking in the limelight was the incorporation of a joint venture company ("JVCo") between the Group’s wholly-owned subsidiary Destini Shipbuilding and Engineering Sdn Bhd and TH Heavy Engineering Berhad’s ("THHE") wholly-owned subsidiary THHE Fabricators Sdn Bhd. The JVCo, named THHE Destini Sdn Bhd, was set up to procure the award for the supply, delivery, testing and commissioning of three Offshore Patrol Vessels ("OPV") for the Malaysia Maritime Enforcement Agency ("MMEA").

En route to diversifying its income base, during the year Destini accepted an award for the design, manufacture, supply, delivery, testing and commissioning of three Offshore Patrol Vessels ("OPV") for the Malaysia Maritime Enforcement Agency ("MMEA").

Another first was the maiden order of eight Self-Propelled Hyperbaric Lifeboats (SPHL) to UK-based JFD Ltd ("JFD"), a company of James Fisher Offshore Ltd. The SPHL is a new product that the Group has diversified into to meet global safety maritime regulations.
CHAIRMAN’S STATEMENT

During the year, the Group went through the acquisition of a 60% interest in Imes Marine Safety Systems Limited. A company that is in the business of inspection, testing, repair and maintenance of marine safety systems. This acquisition is expected to compliment the Group’s existing lifeboat business.

Coinciding with depressed oil prices where exploration and production jobs are scarce, Destini has managed to executed its first oil field decommissioning job for Vestigo Petroleum Sdn Bhd. This marks the first out of many oil field decommissioning jobs for the Group in the year to come.

The Group had entered into a Memorandum of Understanding with AMMROC (“Advanced Military Maintenance, Repair and Overhaul Centre”) L.L.C to form a strategic alliance for the provision of maintenance, repair and overhaul (“MRO”) on aircraft escape systems.

Destini ended the year by securing a three-year contract extension of providing MRO services and to supply safety and survival related equipment to the Royal Malaysian Airforce.

Financial Performance

In 2016, Destini saw a 56% increase in profit after tax and non-controlling interests (“PATNCI”) of RM33.03 million for its financial year ended December 31, 2016 (“FY2016”) from RM21.16 million the year before. This was achieved on the back of a 31% increase in revenue of RM354.76 million in FY2016 as compared to RM270.05 million reported in the previous year.

The increase in profits mainly came from the orders of six 44.25-meter New Generation Patrol Crafts (“NGPC”) from the MMEA in 2015 and an increase of aircraft safety and survival equipment MRO activities for the Air Force. Other income contributors include the completion of the oil field decommissioning job and the supply and delivery of motor trolleys for KTMB and SPHLs for JFD.

Share performance

Keeping in mind healthy returns to our shareholders, Destini continued to grow by demonstrating robust profitability which has strengthened the Group’s fundamentals. In 2016, Destini saw its shares close highest at 88sen from an average of 60sen per share, touching the RM1 billion market capitalisation mark in November.

With the increase in profits and a better share performance, Destini’s basic earnings per share (“EPS”) rose to 3.27sen in FY2016 from an EPS of 2.61sen in the previous year. The Group’s net assets per share also increased to 42sen from 38sen in 2015.

Moving forward

As mentioned earlier our local economy is expected to grow on a moderate growth path, in tandem with the global economy. Destini will not be discounted from market volatility but its diversified range of businesses enables the Group to mitigate cyclical industry risks and the Group remains confident that it will be able...
Prospects in the maritime sector still looks promising as it is still viewed as a key sector to support Malaysia’s economic growth. The Group is confident that it will be able to receive orders for newbuilds for the maritime sector in 2017 as there is still a demand to expand MMEA and the Royal Malaysian Navy’s fleet.

Global orderbook for newbuild lifeboats are also expected to grow in the next five years, which will see an increase in demand for lifeboats and its components. New regulations imposed by the International Maritime Organisation on lifeboat safety standards will also help boost demand for our commercial maritime business.

Destini is also expanding its range of services for various aircrafts owned by the armed forces and various commercial airlines. The Group aims to have an extensive MRO capability that would be able to cater to every need of defence and commercial aircrafts.

Meanwhile, the Group intends to strengthen its position in its land transport business by supplying more armoured vehicles for the armed forces and also by supplying more carriages for local rail line providers.

While the oil and gas industry is still expected to be subdued in 2017, Destini will concentrate on areas that are still lucrative such as oil field decommissioning, which is still an activity that is ongoing in the industry while exploration and production remains modest.

Appreciation

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our stakeholders, customers, employees and various regulatory bodies and Government entities for their continued support confidence and support to the Group.

My deepest gratitude goes to Destini’s shareholders who has showed their continued confidence in the Group. With another challenging year ahead, we appreciate your continued support in shaping Destini into a leading integrated engineering solutions provider.

Tan Sri Dato' Sri Rodzali Daud
Independent Non-Executive Chairman
THE YEAR IN REVIEW

Destini’s performance for FY2016 was encouraging despite having to operate in a subdued economy. Against the backdrop of a challenging operating environment, the Group managed to maintain its growth momentum as foundations that were laid in previous years have begun to yield results, culminating in improved earnings for the Group.

The Group saw its first contract win for the year in March for the supply of eight Self-Propelled Hyperbaric Lifeboats (“SPHLs”) for JFD worth RM16 million. The contract entails Destini to design, manufacture and integrate JFD’s hyperbaric chamber and dive system into the SPHLs. This was then followed by the signing of a strategic alliance with AMMROC to provide aircraft escape system MRO services in April at the Defence Services Asia 2016 Exhibition.

In June, the Group made its maiden foray into the rail sector by accepting the award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of motor trolleys and rail road vehicles for KTMB worth RM62 million. Destini’s entry into the rail sector would enable the Group to capitalise on its existing engineering capabilities onto a new avenue.

In a bid to optimise Destini’s commercial maritime business, the Group acquired a 60% stake in UK-based company, Imes Marine Safety Systems Limited. This new subsidiary will complement Destini’s existing lifeboat and davit system businesses.

Following that, the Group saw the incorporation of THHE Destini Sdn Bhd, a 51:49 JVCo owned by Destini and THHE, respectively. The company is intended for both parties to secure the award for the supply, delivery, testing and commissioning of three 80-meter OPVs for the MMEA worth RM738 million.

Albeit a subdued oil and gas operating environment, Destini managed to clinch an oil field decommissioning job off the coast of East Peninsular Malaysia worth US$6.5 million. The decommissioning of the inactive platform was successfully completed on schedule in December.

Towards the end of the year, the Group saw the completion and soft launch of the first out of six NGPC vessels for the MMEA. The first vessel will be handed over to the maritime government agency in the first quarter of 2017 while the remaining vessels will be delivered subsequently within the agreed timeframe.

To round up 2016, Destini was granted a three-year contract extension to provide MRO services and to supply safety and survival related equipment from the Royal Malaysian Air Force (“RMAF”) for RM98.20 million.
Business Performance Overview

AVIATION

Defence
• PATNCI was reported at RM6.26 million while revenue stood at RM103 million as compared to PATNCI of RM15 million and revenue of RM82 million in FY2015.
• The increase in revenue was due to one-off projects performed for the RMAF while lower PATNCI was due to higher cost of sales, operating expenses and foreign exchange losses due to weak Ringgit for overseas procurement.
• The Group saw a three-year contract extension to provide MRO services and to supply safety and survival related equipment from the RMAF.
• Destini intends to expand its MRO capabilities beyond its traditional safety and survival MRO services and also to expand its services to a wider variant of defence aircrafts.

Commercial
• Loss after tax and non-controlling interest ("LATNCI") was reported at RM3.6 million while revenue stood at RM2.6 million as compared to LATNCI of RM0.65 million and revenue of RM1.05 million in FY2015.
• Losses were seen because of higher administrative expenses arising from recruitment of certified engineers and investments made to establish ground handling capabilities, despite an increase of customers.
• Destini’s commercial aviation business is in its infancy stage and is currently building its capabilities in aircraft line maintenance.
• The Group intends to expanding its commercial aviation business into ground handling and fixed-base operations to complement its existing services.
• It is also looking into strategic collaborations in order to provide full suite of commercial aviation MRO services.

MARINE

Paramilitary
• PATNCI was reported at RM24 million while revenue stood at RM159 million as compared to PATNCI of RM12 and revenue of RM109 million in FY2015.
• The increase in revenue and earnings came from the fabrication of MMEA’s 44.25-meter NGPC vessels.
• In FY2016, Destini completed the fabrication of the first NGPC for MMEA as scheduled. The remaining five vessels will follow its delivery date as scheduled.
• Destini intends to expand its ship repair capabilities with the completion of its shipyard upgrade works which includes the delivery of a boatlift that is able to accommodate vessels up to 430 tonnes.
• The Group is looking to fully capitalise on its partnership with THHE with the potential of securing the contract to fabricate three OPVs for the MMEA.

Commercial
• LATNCI was reported at RM0.40 million while revenue stood at RM36 million as compared to LATNCI of RM2.2 million and revenue of RM50 million in FY2015.
• The lower income was due to lower demand in services because of the downturn in the oil and gas and shipping industries.
• During the year, Destini introduced a new breed of lifeboat, the SPHL, which complies to the health and safety regulations for offshore divers. The Group received an order to supply eight units of SPHL.
• The production of a SPHL comes under a niche market that most oil and gas companies have made it a requirement to have. Being the several few who are able to build a SPHL, the Group intends to tap into the potential demand from this market.
GROUP MANAGING DIRECTOR’S STATEMENT
AND MANAGEMENT DISCUSSION AND ANALYSIS

LAND TRANSPORT

- PATNCl was reported at RM1.70 million while revenue stood at RM16.30 million as compared to PATNCl of RM0.70 million and revenue of RM0.72 million in FY2015.
- The rise in income came from recognising profits from the supply of motor trolleys to KTMB.
- The Group is looking at securing more supply contracts from the Ministry of Transport to strengthen its position in the rail segment. It is also looking at potentially providing MRO services for the rail services in the country.
- The country has several rail lines that it can potentially supply carriages and provide MRO services to. On top of that, the Group could potentially build its capabilities to participate in the upcoming Malaysia-Singapore High Speed Rail and East Coast Rail Line projects.
- Apart from that, Destini is looking at the supply of additional Tatra and Iveco trucks to various government agencies in the year to come.

OIL & GAS

- PATNCl was reported at RM4.95 million while revenue stood at RM37.35 million as compared to LATNCl of RM4.23 million and revenue of RM27.62 million in FY2015.
- The improved performance came from the provision of oil field decommissioning service, a new service that the Group entered into while the industry remained subdued.
- While oil majors continue their cautious spending measures, exploration and production activities are expected to remain modest. This will continue to impact on the Group’s tubular running services.
- Until the sector recovers, the Group intends to participate in more oil field decommissioning jobs. Locally, 65% of our over 300 platforms are above the ages of 25 which is about the end of a platforms life-cycle.

FINANCIAL PERFORMANCE

As mentioned by the Chairman, the Group saw its PATNCl jump 56% to RM33.03 million in FY2016 as compared to RM21.16 million the previous year on the back of a 31% increase in revenue to RM354.76 million from RM270.05 million in FY2015.

The Marine division, spearheaded by earnings from the fabrication of MMEA’s NGPCs and scheduled lifeboat maintenance services, was the Group’s main contributor with a PATNCl of RM24 million. This represented 72% of overall Group earnings.

Aviation was the Group’s second largest earnings contributor with 8% or RM2.68 million in PATNCl in FY2016. This was achieved by one-off projects granted by the RMAF and also existing maintenance services for the government body.

The Oil and Gas division contributed 15% or RM4.95 million in PATNCl as compared to the losses of RM4.23 million the business saw the previous year. The surge in income was mainly attributed to the completion of an oil field decommissioning service during the year under review.

The Group’s Land Transport division also saw an increase in contribution at 5% as compared to the 3% contribution in FY2015. In this business segment, the Group saw its PATNCl more than double to RM1.70 million in FY2016 as compared to RM0.7 million previously from the supply of motor trolleys to KTMB.

With an improved performance in FY2016, Destini’s statements of financial position stood strong with RM84 million cash in its war chest. While cautiously monitoring the Group’s cash flows, Destini is positioning itself to gear up for growth. As at December 31, 2016 the Group’s gearing ratio stood at 0.2%,
an increase from a gearing ratio of 0.06%. During the year, Destini took on a borrowing of RM50 million to finance the increase in activity for its marine and land transport businesses.

The Group’s financial position remains healthy as its total assets increased to RM681.56 million in FY2016 as compared to RM500.48 million previously. This was mainly driven by a 12% increase in value of property, plant and equipment of RM106.97 million, which came in tandem with the purchase of new equipment’s for the Group’s marine and oil and gas businesses.

Strategic Planning

Having embarked on an aggressive growth trajectory, Destini has chartered out a plan to reorganise its organisation and businesses. With diversified business segments under one umbrella, the group is working towards realigning various operating units to achieve better operational efficiencies, organisational clarity and a greater focus on its core businesses.

As an integrated engineering solutions provider in diverse business sectors, Destini intends on taking steps to ensure the health, safety, security and environment (“HSSE”) requirements of its employees is optimised. Acknowledging the needs of each sector’s HSSE requirements, a new regulated policy that emulates global HSSE standards will be set in place in the year to come.

In line with Destini’s growth, the Group has taken measures to create awareness of its products and services in 2016. Apart from a revamp of its marketing collateral that is in line with Destini’s overall image, the Group has launched several new websites of its subsidiaries for better understanding and knowledge for operating division.

During the year, websites that the Group revamped and launched:
- destinigroup.com
- destinishipbuilding.com
- destinioil.com
- safeairtechnical.com

Prospects

With the expectations of moderate growth in the global and local economies, Destini is embarking on its planned growth in 2017 with caution.

With a secured orderbook of RM900 million (as at 31 December, 2016), that can last the Group for another three years, the Group continues to see tremendous potential in all the four core sectors that it is operating in for the years to come.

Going forward, the Group intends to build upon past mergers and acquisitions and focus on organic growth.

Destini is constantly on a path to strengthen its overall competencies through expanding its scope of services. Beyond that, the Group intends to have wider international exposure by strengthening its current overseas businesses and penetrating new international markets. Destini currently has operations in Singapore, China, Australia, UAE and the UK.

In the meantime, the Group intends to leverage on its successes in delivering Government related projects to secure more commercial contracts.

Despite the difficult operating environment in 2016 the Group expects the year to come to present similar challenges. However, with the foundations that are in place and the roadmap that has been laid out, Destini is confident of maintaining its growth momentum.

Dato’ Rozabil Abdul Rahman
Group Managing Director
“Diversifying oil and gas products and services”
STATEMENT OF CORPORATE SUSTAINABILITY

Destini is fully committed to ensuring the interests of its employees, shareholders and stakeholders through practical practices of Corporate Sustainability (“CS”). This means managing our business responsibly to ensure long-term success for the Company.

We understand how our social and ethical conduct could have an impact on our image, pride and reputation. We therefore take CS very seriously and will not neglect the aspects of CS which are pertinent to the business operations of the Destini Group of Companies.

Our CS efforts are mainly channelled through Yayasan Destini, which was set up in December 2013. The objectives for which the Yayasan Destini is established are:

a) Charity-Welfare Programmes
   To fund and promote charitable events and causes that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.

b) Religious Support
   To provide support for New Muslims (converts) and their families by giving guidance on Islam through awareness programmes, structured classes and one off seminars.

c) Environmental Activities
   To educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

At the same time, mindful of the need to be a corporately responsible organisation, Destini undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates.
Within this context, we have defined our commitment to CS as follows:

**FOR THE COMMUNITY**

At Destini, we believe that there is a need for continuous corporate community involvement activities because they play an important role in terms of gaining our customers’ confidence and respect, apart from infusing good values within our workforce. Our Program Didik Cemerlang was launched in May 2014 by the then Chief of Air Force General Tan Sri Dato’ Sri Rodzali Daud. Under this programme, Yayasan Destini provided free tuition classes for Form Five students. The pilot project kicked off with 56 Form Five students who are children of the Royal Military Air Force (“RMAF”) personnel based in Subang RMAF Base. We have since then extended the project to base in Kuantan in 2015 for Form Five and Form Four students.

**FOR THE WORKPLACE**

To ensure that the Group sustains its stand as an employer of choice, we will continue to send our employees to various training and development programmes, seminars and workshops to enhance their professional development and skills in their respective areas of interest. Apart from that, we believe in our commitment to continuously boost good ethical behaviour within the Group, with utmost concern for employees’ healthcare, security and safety. Employees are constantly encouraged to be good corporate citizens and to work together as a team in a productive and healthy environment. Our employees also abide by a code of conduct that stresses on the values and ethics that we strongly believe in. In addition, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army is not neglected. It is a commitment by Destini as a practice of good CS to provide employment to ex-servicemen, ever since we initiated our business operations. We acknowledge that the ex-servicemen could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. We are proud to remain one of the very few groups in the country that comprehensively looks into the welfare of these ex-servicemen after their retirement. At present, majority of our employees are ex-servicemen.

**FOR THE MARKETPLACE**

We recognise the need to keep our shareholders and stakeholders abreast of the Group’s performance and deliverables. To enable them to have a better understanding and assessment of the Group’s direction and business activities, we have revamped our new corporate website with an interactive Investor Relations (“IR”) section. The IR section provides immediate information on the Group’s activities, financials and operations and acts as a communication point for both our local and international contacts.

**FOR THE ENVIRONMENT**

In doing our bit for the environment, we make every effort to optimise the option of recycling and the reduction of energy used in our operations. To reduce paper usage, our employees are urged to adopt a paperless system whenever possible. We make every effort to instill a sense of personal responsibility in our employees and encourage them to play their role in protecting the environment in order to ensure that it becomes an act of good practice within the workplace. As our ultimate goal, we will do our practices in ensuring that our CS practices meet with the interests of our customers, suppliers, shareholders, financiers, bankers, business associates, the Government, and the public at large.
The Board acknowledges that the practice of good corporate governance is an essential part in the Group’s continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in Malaysian Code on Corporate Governance (“MCCG”) to enhance business prosperity and maximise shareholders’ value. The Board will continuously evaluate the Group’s corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Set out below is a statement which outlines the application of the various principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2016 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

**BOARD OF DIRECTORS**

**Board Balance**

Our Board consists of seven (7) members, which comprises of an Independent & Non-Executive Chairman, a Group Managing Director, one (1) Executive Director, one (1) Non-Independent & Non-Executive Director and three (3) Independent & Non-Executive Directors. The profiles of these Board members are laid out in pages 18 to 24 of this Annual Report.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

On 21 November 2016, the Board has appointed Dato’ Megat Fairouz Junaidi bin Tan Sri Megat Junid as the Senior Independent & Non-Executive Director of the Company to share the concerns of Directors to the Group Managing Director on sensitive issues of the Company and perform as the alternative contact person for shareholder communication.

**Boardroom Diversity**

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the Group. The Group basically evaluate the suitability of candidates as new Board member or as a member of the workforce based on the candidates’ competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors of the Company in the future. Currently, our Board comprise of one (1) female director.
Board Responsibilities

The Board assumes responsibility for effective stewardship and control of the Group and its members have established terms of reference to assist them in the discharge of their responsibilities.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management’s responsibilities, which the management are aware of and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group’s strategy and direction, investment policy, major capital expenditures, consideration for significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in and recognises that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks view of the long term viability of the Group.

The principal roles and responsibility assumed by the Board are as follows:

• Review and adopt strategic plan of the Group
  The Board plays an active role in the development of the Group’s overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which to supports the Group’s business plan and budget plan.

• Implementation of internal compliance controls and justify measure to address principle risks.
  The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board’s responsibilities for the Group’s system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

• To formulate and have in place an appropriate succession plan
  The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

• Developing and implementing an investor relations program or shareholder communications policy for the Group
  The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company’s website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company’s website at www.destinigroup.com

The Board will normally hold meetings at least four (4) times in each financial year to consider:

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) specific proposals for capital expenditure and acquisitions, if any;
iv) major issues and opportunities for the Company, if any; and
v) quarterly financial statements for announcement to authorities.
In addition, the Board will, at intervals of not more than one (1) year:

i) approve annual financial statements, and other reports to shareholders;

ii) consider and, if appropriate, declare or recommend the payment of dividends;

iii) review the Board composition, structure and succession plan;

iv) review the Company’s audit requirements;

v) review the performance of, and composition of Board committees;

vi) undertake Board and individual Board member evaluations;

vii) review Board remuneration; and

viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent & Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent & Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board’s deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Group Managing Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company’s goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Group Managing Director, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent & Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board’s decision-making process. Although all the Directors have equal responsibility for the Company and the Group’s operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to two (2) Board Committees namely the Audit Committee and Nomination and Remuneration Committee. All the Board Committees have their own terms of reference and have the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board will periodically review the Board Charter and make any changes whenever necessary. A copy of the Board Charter is available at the Company’s website at www.destinigroup.com.

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company’s website at www.destinigroup.com.
STATEMENT OF
CORPORATE GOVERNANCE

Promote Sustainability

The Board ensures that the Company’s strategies promote sustainability with attention given particularly to environmental, social and governance (“ESG”) aspects of business, which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under “Statement of Corporate Sustainability” of this Annual Report.

Whistle-blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The main objectives of the policy are:

i) Be committed to the Company’s business ethics of Honesty, Integrity and Transparency;

ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and

iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.


Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention : Dato’ Megat Fairouz Junaidi
Designation : Audit Committee Chairman /
Email : megatfj@destinigroup.com
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STATEMENT OF CORPORATE GOVERNANCE

Board Meetings

The Board held five (5) meetings during the financial year ended 31 December 2016. The details of Directors’ attendances are set out below:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>No. of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Dato’ Sri Rodzali Daud</td>
<td>4/5</td>
</tr>
<tr>
<td>Dato’ Rozabil @ Rozamujib Abdul Rahman</td>
<td>5/5</td>
</tr>
<tr>
<td>Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid</td>
<td>5/5</td>
</tr>
<tr>
<td>Dato’ Sri Dr Mohmad Isa Hussain</td>
<td>3/5</td>
</tr>
<tr>
<td>Abdul Rahman Mohamed Rejab</td>
<td>5/5</td>
</tr>
<tr>
<td>Dato’ Che Sulaiman Shapie</td>
<td>5/5</td>
</tr>
<tr>
<td>Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman</td>
<td>5/5</td>
</tr>
</tbody>
</table>

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2016.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

Time Commitment and Directorship in Other Public Listed Companies

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director’s commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company’s business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Listing Requirements.
Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advisers or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board’s conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has unrestricted access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board’s meeting procedures are adhered to and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company’s expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company’s Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.
Continuing Education Programs

All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. The Directors are encouraged to evaluate their own training needs on a continuous process and determined the relevant programmes/seminar/conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars / conferences / training programmes attended by the Board members during the financial year as listed below:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Seminars/Conferences/Training Attended</th>
</tr>
</thead>
</table>
| Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman | Application for Product & Prof Software (APPS), Lab 4 Level 4, Faculty of Accountancy, UiTM, Shah Alam – 11 Jan 2016  
Workshop on Teaching & Learning: Student Centeredness, Faculty of Accountancy, UiTM, Shah Alam – 14 – 15 Jun 2016  
3rd Research and Teaching in Management Accounting Workshop, University of Greenwich, Business School, London, United Kingdom - 31 Ogos 2016  
The 6th Conference on Actor-Reality Construction, University of Greenwich, London, United Kingdom - 01 Sep – 02 Sep, 2016  
11th William Pitt Seminar title "A Higher Purpose: the role of universities in 21st century Britain” Peterhouse Theatre, University of Cambridge, United Kingdom – 14 October 2017  
Executive Talk - Peranan Jawatankuasa Audit Syarikat MEnteri Kewangan Diperbadankan dalam Memastikan Amaian Tadbir Urus Korporat oleh Kementerian Kewangan Malaysia di Putrajaya pada 8 March 2016  
Unveiling of Malaysia Airports Runway to Success 2020 Organised by Malaysian Airports Holding Berhad in Kuala Lumpur on 25 April 2016 |
| Abdul Rahman Mohamed Rejab | From Mere Managing Costs To Future Business Sustainability : Management Accounting Approach, UiTM Puncak Alam - 8 October 2016 |
Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to overseas travelling and their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company. In addition, during the financial year under review, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

**NOMINATION AND REMUNERATION COMMITTEE**

As recommended by MCCG, the Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Non-Executive Directors.

The present members of the NRC are:

- **Chairman**  
  Tan Sri Dato' Sri Rodzali Daud

- **Members**  
  Dato' Megat Fairouz Junaidi  
  Tan Sri Megat Junid  
  Dato' Che Sulaiman Shapie

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company’s website at www.destinigroup.com.

The NRC shall meet at least once a year unless otherwise determine by the NRC. The quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

In fulfilling its primary objectives, the NRC shall undertake, amongst others, the following duties and responsibilities:

1. to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

2. to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director’s contribution to the effectiveness on the decision making process of the Board;

3. give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing by the Company and the skills and expertise needed on the Board in the future;

4. prepare a description of the role and capabilities required for a particular appointment;

5. identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

6. ensure that orientation and education programmes are provided for new members of the Board;

7. recommend to the Board concerning the re-election / re-appointment of Director to the Board pursuant to the provisions in the Company’s Article of Association;

8. undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;

9. review and recommend to the Board the framework of remuneration of the Executive Directors and Principal Officers, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies;

10. review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers depending on various performance measurements of the Group;

11. review and determine the other benefits in kind for the Executive Directors and Principal Officers; and

12. review the Group’s compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice.
The summary of activities undertaken by the NRC during the financial year included the following:

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;

ii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company’s Articles of Association;

iii) Reviewed and recommended the revision of remuneration for Group Managing Director; and

iv) Reviewed the Terms of Reference of the NRC.

Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NRC will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board’s succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board is as follows:

i) The NRC reviews the Board’s composition through Board assessment/evaluation;

ii) The NRC determines skills matrix;

iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;

iv) The NRC recommends to the Board for appointment; and

v) The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

(i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;

(ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and

(iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

Criteria for Board Assessment

The NRC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company’s forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self assessment on an annually basis. The Board did not engage any external party to undertake an independent assessment of the Directors.
Based on the assessment conducted for the financial year 2016, the Board and the NRC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent & Non-Executive Directors.

Re-election of Directors

In accordance with the Company’s Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors are subject to re-election by rotation at least once every three (3) years at each Annual General Meeting and retiring Directors can offer themselves for re-election.

Upon the recommendation of the Nominating Committee and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2017 are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

Annual assessments will be conducted by NRC on annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board’s effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Securities.

Based on the assessment carried out during the financial year ended 31 December 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

Tenure of Independent Directors

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessary impair independence and judgement of an Independent Director and therefore the Board does not deemed it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director’s re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders’ approval at a general meeting, normally the annual general meeting of the Company.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

Separation of Positions of Chairman and Group Managing Director

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and the Group Managing Director are held by different individuals, and that the Chairman is a non-executive member of the Board.

The roles of the Chairman and the Group Managing Director are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman are not related to the Group Managing Director, and are responsible in leading the Board in the oversight and supervision of the Group’s management; whilst the Group Managing Director is responsible for the day-to-day operations of the Group, making strategic business decision and implementing the Board’s policies and decisions.
STATEMENT OF CORPORATE GOVERNANCE

Independent Chairman

During the financial year under review, the Board is chaired by an Independent & Non-Executive Director and more than one-third (1/3) of the Board consists of Independent & Non-Executive Directors.

The Chairman being an Independent & Non-Executive Director, is not involved in the day-to-day management of the Group’s business and has no relationship that could materially interfere with his judgment.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

DIRECTORS’ REMUNERATION

The NRC is responsible for reviewing the performance of the Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors’ remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors’ fees are to be approved by the shareholders at the Annual General Meeting based on recommendations of the Board.

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2016 is further categorised into the following components:
### STATEMENT OF CORPORATE GOVERNANCE

#### Director Fees (RM)

<table>
<thead>
<tr>
<th>Director</th>
<th>Company Salaries and * other emoluments (RM)</th>
<th>Group Salaries and * other emoluments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>- 1,395,843</td>
<td>- 2,136,103</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>- 99,500</td>
<td>- 99,500</td>
</tr>
<tr>
<td>Total</td>
<td>- 1,495,343</td>
<td>- 2,235,603</td>
</tr>
</tbody>
</table>

* Other emoluments include the meeting allowance for the Directors’ attendance in Board and Audit Committee meetings.

The number of Directors of the Company whose income falls within the following bands is set out as follows:

#### Number of Directors

<table>
<thead>
<tr>
<th>Range of Remuneration</th>
<th>Number of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company Executive</td>
</tr>
<tr>
<td>Below RM50,000</td>
<td>-</td>
</tr>
<tr>
<td>RM50,000 to RM100,000</td>
<td>-</td>
</tr>
<tr>
<td>RM100,001 to RM150,000</td>
<td>-</td>
</tr>
<tr>
<td>RM150,001 to RM200,000</td>
<td>-</td>
</tr>
<tr>
<td>RM200,001 to RM250,000</td>
<td>1</td>
</tr>
<tr>
<td>RM250,001 to RM300,000</td>
<td>-</td>
</tr>
<tr>
<td>RM300,001 to RM350,000</td>
<td>-</td>
</tr>
<tr>
<td>RM350,001 to RM400,000</td>
<td>-</td>
</tr>
<tr>
<td>RM400,001 to RM450,000</td>
<td>1</td>
</tr>
<tr>
<td>RM900,001 to RM950,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Details of the individual Director’s remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfy the accountability and transparency aspects of MCCG.

### COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

#### Corporate disclosure policies and procedures

The Group values dialogue and recognises the need to communicate with its investors, thus encouraging constructive two-way communication. The Group uses several channels to appropriately inform its investors of major developments and of the operations of the Company through disclosures and announcements made to Bursa Securities, press releases, annual reports and the Board also has the option to arrange meetings with analysts or investors, if necessary.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.
The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the Listing Requirements of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions. The Company strive to provide a high level of transparency reporting in order to provide value for users.

Beside the above, the Company’s Annual Report, circulars and financial results are dispatched on an annual basis to the shareholders to provide an overview of the Group’s business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests.

Leverage on Information Technology for Effective Dissemination of Information

The Company’s website at www.destinigroup.com incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board’s approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to info@destinigroup.com.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

During general meetings, the Chairman or the Group Managing Director of the Company will brief shareholders on the Company’s projects and elaborate further on proposals for which the approval of shareholders is being sought.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Annual General Meeting (“AGM”)

The AGM is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company’s Annual Report at least twenty one (21) days before the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

Poll Voting

In line with Paragraph 8.29A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG with regards to strengthening engagement and communication with shareholders.
To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

i) Interim financial reports to provide updates on the Group’s operations and business developments on a quarterly basis;

ii) Annual audited financial statements and annual report to provide an overview of the Group’s state of governance, state of affairs, financial performance and cash flows for the relevant financial year;

iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and

iv) Annual General Meetings.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which are provided under the “Corporate Information” section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCCG, the Company has appointed a Senior Independent & Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

STATEMENT OF CORPORATE GOVERNANCE

Risk Management and Internal Control

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders’ investments and the Company’s assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of the internal auditors adopted ongoing monitoring and review to the existing risk management process in place within the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group’s risk management and internal control is further elaborated in page 63 to 65 on the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit

The internal auditors monitor and report on the system of internal control. They work on a plan agreed with the Audit Committee and support the Audit Committee in discharging its duties and responsibilities, giving assurance that adequate, efficient and effective internal control systems are in place.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board’s attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been
explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditor’s ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders’ resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the Shareholders’ enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2016.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee’s recommendation for the shareholders’ approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2017.

STATEMENT OF DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

i) Overseeing the overall conduct of the Company’s business and that of the Group;

ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;

iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;

iv) Adopting suitable accounting policies and apply them consistently;

v) Making judgments and estimates that are reasonable and prudent; and

vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.
The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2016, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of all the view that the Group has complied with and shall remain committed to attaining the highest possible standard through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.
ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Corporate Exercise

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

Audit and Non Audit Fees Paid to External Auditors

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2016 were as follows:

<table>
<thead>
<tr>
<th>Service Rendered</th>
<th>Company (RM)</th>
<th>Group (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Services Rendered</td>
<td>82,000</td>
<td>492,159</td>
</tr>
<tr>
<td>Non-Audit Services Rendered</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Review of Statement on Risk Management and Internal Control</td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors’ and major shareholders’ interests.

Contracts Relating to Loans

There was no material contract relating to loans entered into by the Company involving Directors and major shareholders.

Recurrent Related Party Transactions of a Revenue Nature

Save for such disclosure made in note 35 to the audited consolidated financial statements on pages 156 and 157 of this Annual Report, there were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2016.
Audit Committee Members and Meeting Attendances

The present members of the Audit Committee comprise the following:

**Chairman**  
Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid

**Members**  
Dato’ Che Sulaiman Shapie  
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman

The Audit Committee held five (5) meetings during the financial year ended 31 December 2016. The details of attendance of the Audit Committee members are as follows:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>No. of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Megat Fairouz Junaidi Tan Sri Megat Junid</td>
<td>5/5</td>
</tr>
<tr>
<td>Dato’ Che Sulaiman Shapie</td>
<td>5/5</td>
</tr>
<tr>
<td>Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman</td>
<td>5/5</td>
</tr>
</tbody>
</table>

The Audit Committee may invite the Head of Internal Audit, the Accountant and the Company Secretary or any members of the management to attend any of its meetings as it determines.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2016 included the following:

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;

2. Reviewed the external auditor’s scope of work and audit plan for the year;

3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group’s results to Bursa Securities;

4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management’s response to these recommendations;

5. Evaluated the performance of the external auditors for the financial year ended 31 December 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

7. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group’s operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;

8. Reviewed the effectiveness of the Group’s system of internal control;

9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

10. Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

11. Reviewed the Company’s compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

12. Reported to the Board on its activities and significant findings and results; and

13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company’s website at www.destinigroup.com.
Internal Audit Function

The Group has established its in house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control and risk management systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group’s operations. The scope of internal audit covers the audit of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the internal audit function in respect of the financial year is approximately RM178,627.49.

During the financial year, the following activities were carried out by the internal audit department in discharging its responsibilities.

Summary of Activities of the Internal Audit Function

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;

2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;

3. Followed up with management on the implementation of the agreed audit recommendations; and

4. Present the Internal Audit Plan for the year for review and evaluate by the Audit Committee.

The Audit Committee and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.
STATEMENT ON RISK
MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group’s assets. The Board is pleased to include a statement on the state of the Group’s risk management and internal control during the period under review. The statement is prepared in accordance with the Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has in place a plan to establish and implement a Risk Management Committee ("RMC") with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

Under this process, the RMC will assist the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensures that there is adequate risk reporting of core business activities.

Internal Control

The Group’s system of internal control includes, among others:

1) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board’s approval.

2) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board’s approval.

3) The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

4) Internal policies and procedures had been established for key business units within the Group.

5) Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

6) Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review.

The Board of Directors does not regularly review the internal control system of its associates and joint venture, as the Board of Directors does not have any direct control over their operations. The Group’s interests are served through representations on the Boards of the respective associates and joint venture and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision-making on the continuity of the Group’s investment based on the performance of the associates and joint venture.

Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience about the areas of weaknesses and the causes of the failure in the system of internal control. The Board has learned and benefited from this experience and is committed in its efforts to reform and reorganised the system of internal control.

The Audit Committee and the Board has reviewed the in-house internal audit function and is satisfied with the level of independence and the competence of its staff. In order to improve the effectiveness of the internal audit function, the Board has empowered the internal auditors to exercise more influence in determination of their scope of work and the implementation of their audit strategy which includes the following:

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination and Remuneration Committee;
STATEMENT ON RISK
MANAGEMENT AND INTERNAL CONTROL

b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;

c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;

d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and

e) Regular visits to reporting units by the management team and, where deemed appropriate, the Board.

Board Responsibility

The Board is responsible to maintain a sound system of internal controls and for reviewing its adequacy and integrity. It includes not only financial controls but operational and compliance controls. Due to the limitations inherent in an internal control system, management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group’s business objectives.

Management Responsibility

The management is responsible for implementing the Group’s strategies and day-to-day businesses. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Internal Audit Responsibility

The Group Internal Audit Department (“GIAD”) function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. GIAD activities are guided by an Internal Audit Charter which is approved by the Audit Committee (“AC”). The Group’s internal audit function undertakes regular reviews of the Group’s operations and its system of internal control. The audit plan is developed based on the risk profiles of the Group business. Internal audit findings are discussed at management level and actions are agreed in response to the internal audit recommendations. The progress of implementation of the agreed actions is being monitored by GIAD through follow up reviews.

GIAD’s scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the company. Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal controls together with detailed audit observations, response of management, and comments and recommendations by GIAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by GIAD and monitors that appropriate and prompt remedial actions are taken by the management.

The GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the Company’s operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes, in line with the conceptual framework and guidance promulgated by the Institute of Internal Auditors (“IIA”) International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2016 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Management’s Assurance

The Board has received assurance from the Group Managing Director that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Conclusion

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate. Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group’s business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group’s system of risk management and internal control.
FINANCIAL STATEMENTS

67 DIRECTORS’ REPORT
72 STATEMENT BY DIRECTORS
73 STATUTORY DECLARATION
74 INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF DESTINI BERHAD
79 STATEMENTS OF FINANCIAL POSITION
81 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
83 STATEMENTS OF CHANGES IN EQUITY
86 STATEMENTS OF CASH FLOWS
89 NOTES TO THE FINANCIAL STATEMENTS