



**DIGISTAR
CORPORATION BERHAD**
(COMPANY NO.: 603652-K)



DIGISTAR 2015

ANNUAL REPORT



THE IMPERIAL HERITAGE



THE IMPERIAL HERITAGE MELAKA

Imperial Heritage, the newest boutique hotel cum full service apartments, consists of 329 units with some units containing multiple rooms.

Melaka is a popular family tourist destination and the Imperial Heritage Hotel is designed and built to all your family needs. The Imperial Heritage is a family concept hotel and has a wide range of unique Melaka best cuisines located at the ground floor of our hotel, 11 special units which hosts different local Melaka delicacies.

Since Melaka has been declared a UNESCO State, the state has attracted over 1.5 million tourist a month. However, due to its UNESCO status, roads cannot be expanded which results in traffic congestion. Stay at the Imperial Heritage, located in the heart of Melaka where everything is within walking distance. As most of Melaka is busy primarily during the weekends, the Management has decided to add 2 more meeting rooms to existing 3 meeting rooms to boost occupancy rate. The Imperial Heritage focuses its direction towards hosting conventions and holidays making it your ideal holiday destination.



THE IMPERIAL HERITAGE
MELAKA

For Digistar shareholders only

Serial Number: DIGISTAR-CNY 001

IMPERIAL HERITAGE HOTEL

“ stay in the heart of Melaka with everything within walking distance ”

1st Night

50% off from published rate

2nd Night onwards 20% off from published rate

(*must be used for the same stay)

www.imperialheritage.com.my

(please email: reservations@imperialheritage.com.my to book & confirm your stay)



For Digistar shareholders only

Serial Number: DIGISTAR-CNY 001

“ Malaysia's 1st complete one -stop security solution ”

PANTHER 911 CENTRAL MONITORING SYSTEM

Up to 2 houses - 50% discount

www.panther911.com

(please email: askme@panther911 for enquiries)



THE ORCHARD
WELLNESS & HEALTH RESORT

For Digistar shareholders only

Serial Number: DIGISTAR-CNY 001

ORCHARD WELLNESS & HEALTH RESORT MALAYSIA

(associated company)

“ Winner of 2015 Malaysia's Best Spa Award ”

20% OFF YOUR STAY

(*minimum stay of 3 nights)

www.orchardwellness.com

(please email: enquiries@orchardwellness.com to book & confirm your stay)



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(please email: enquiries@orchardwellness.com to book & confirm your stay)



Terms & Conditions:

1. This voucher expires on **1st August 2016**.
2. This voucher is **NOT** a confirmation of booking. Kindly send us an email for reservation. (refer to the front for email adress)
3. Voucher must be presented at the check-in desk along with confirmation email.
4. Bookings are subject to availability.
5. Voucher is transferable.
6. Original voucher holder (the shareholder) shall write an email or letter confirming the transfer of the voucher to the guest.
7. Coupon is non-redeemable for cash.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Mohd Zaman Khan
@ Hassan B Rahim Khan
Independent Non-Executive Chairman

Mejar (K) Datuk Wira Lee Wah Chong
Managing Director

Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director

See Tai Soon
Independent Non-Executive Director

Lee Mely
Executive Director

Lee Jin Jean
Executive Director

Lee Chun Sze
Executive Director

AUDIT COMMITTEE

Chairman

Tan Sri Datuk Mohd Zaman Khan
@ Hassan B Rahim Khan
Independent Non-Executive Chairman

Members

Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director

See Tai Soon
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman

Tan Sri Datuk Mohd Zaman Khan
@ Hassan B Rahim Khan
Independent Non-Executive Chairman

Members

Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director

See Tai Soon
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman

Tan Sri Datuk Mohd Zaman Khan
@ Hassan B Rahim Khan
Independent Non-Executive Chairman

Members

Mejar (K) Datuk Wira Lee Wah Chong
Managing Director

Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director

See Tai Soon
Independent Non-Executive Director

COMPANY SECRETARIES

Tan Bee Hwee (MAICSA 7021024)
Wong Wai Foong (MAICSA 7001358)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel: +6(03) 2783 9191 Fax: +6(03) 2783 9111

CORPORATE OFFICE

B6/4/4, 3rd Floor
One Ampang Business Avenue
Jalan Ampang Utama 1/2
68000 Ampang
Selangor Darul Ehsan
Tel: 03-4253 4319 Fax: 03-4257 2168

AUDITOR

Crowe Horwath
Chartered Accountants
Level 16, Tower C
Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03-2788 9999 Fax: 03-2788 9998

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel: +6(03) 2783 9299 Fax: +6(03) 2783 9222

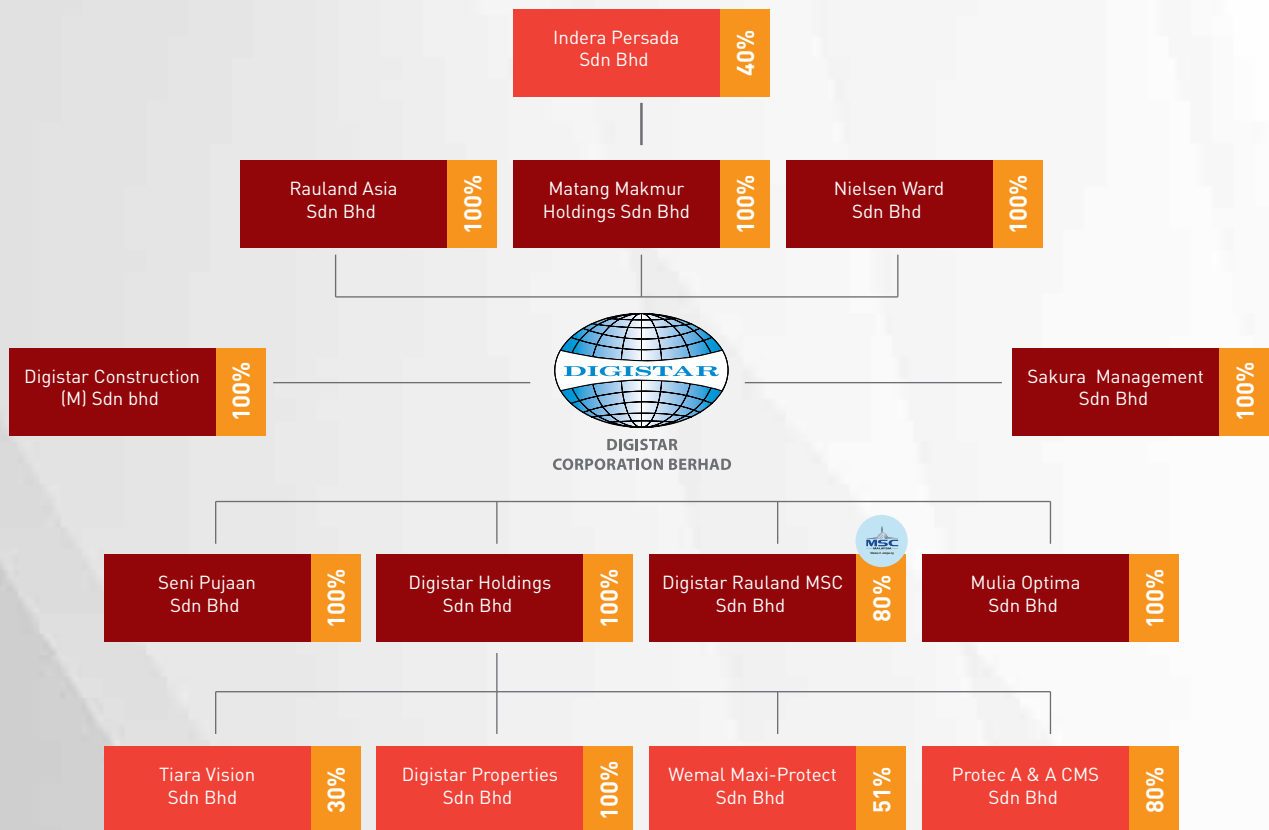
PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad

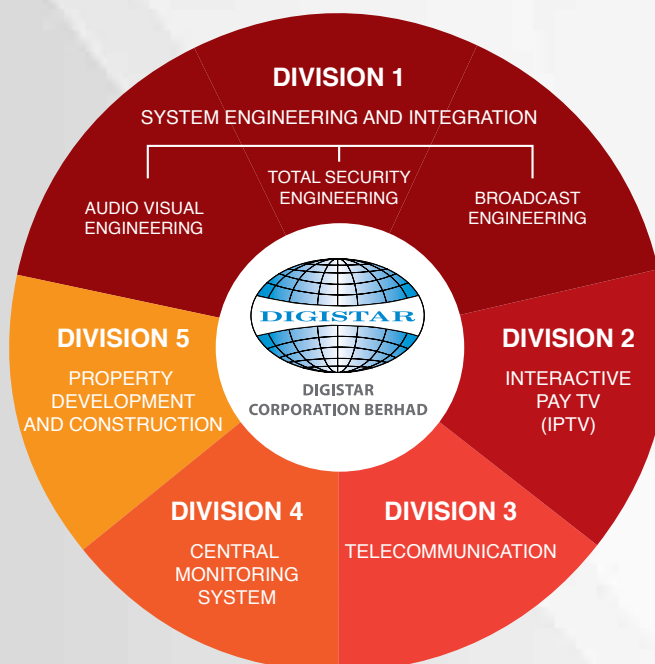
STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : DIGISTA
Stock Code : 0029

GROUP STRUCTURE AS AT 29 FEBRUARY 2016



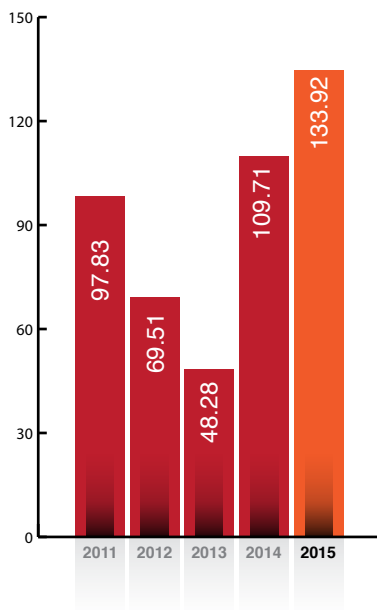
CORPORATE DIVISION



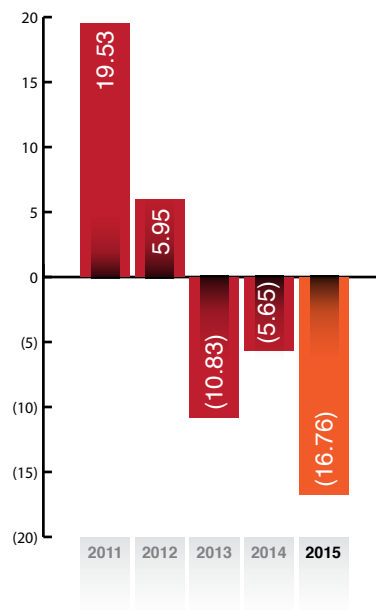
GROUP FINANCIAL HIGHLIGHTS

GROUP 5 YEARS FINANCIAL PERFORMANCE

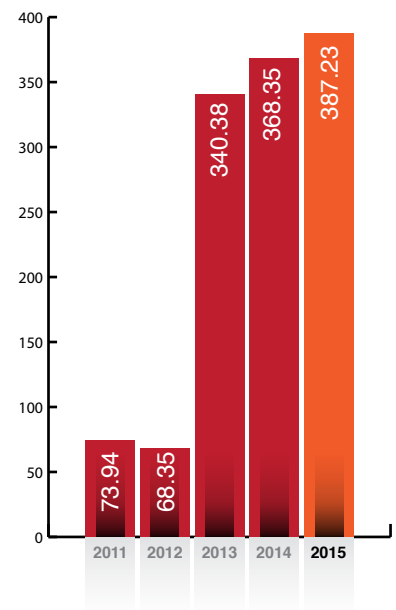
Revenue
(RM'Million)



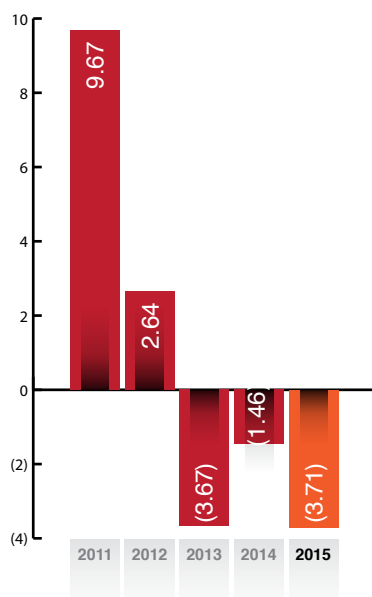
Profit attributable to Shareholders
(RM'Million)



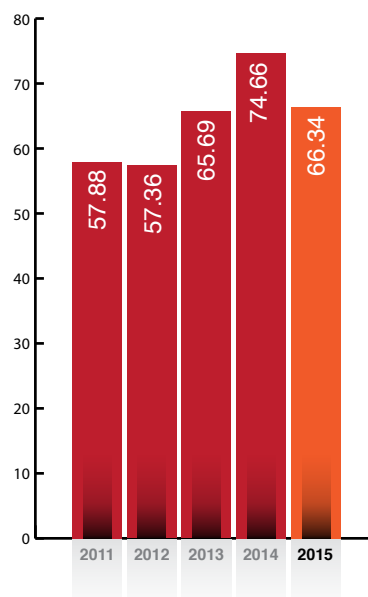
Total assets
(RM'Million)



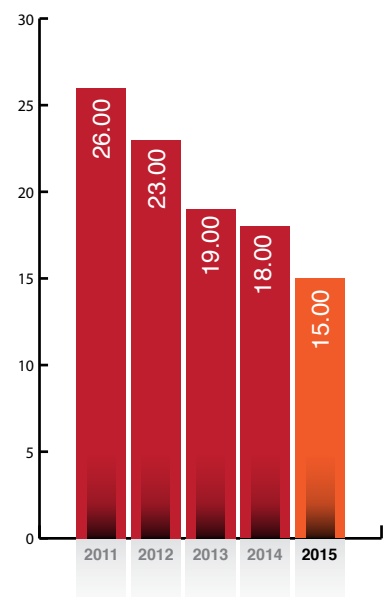
Earning per share
(Sen)



Shareholders' Equity
(RM'Million)



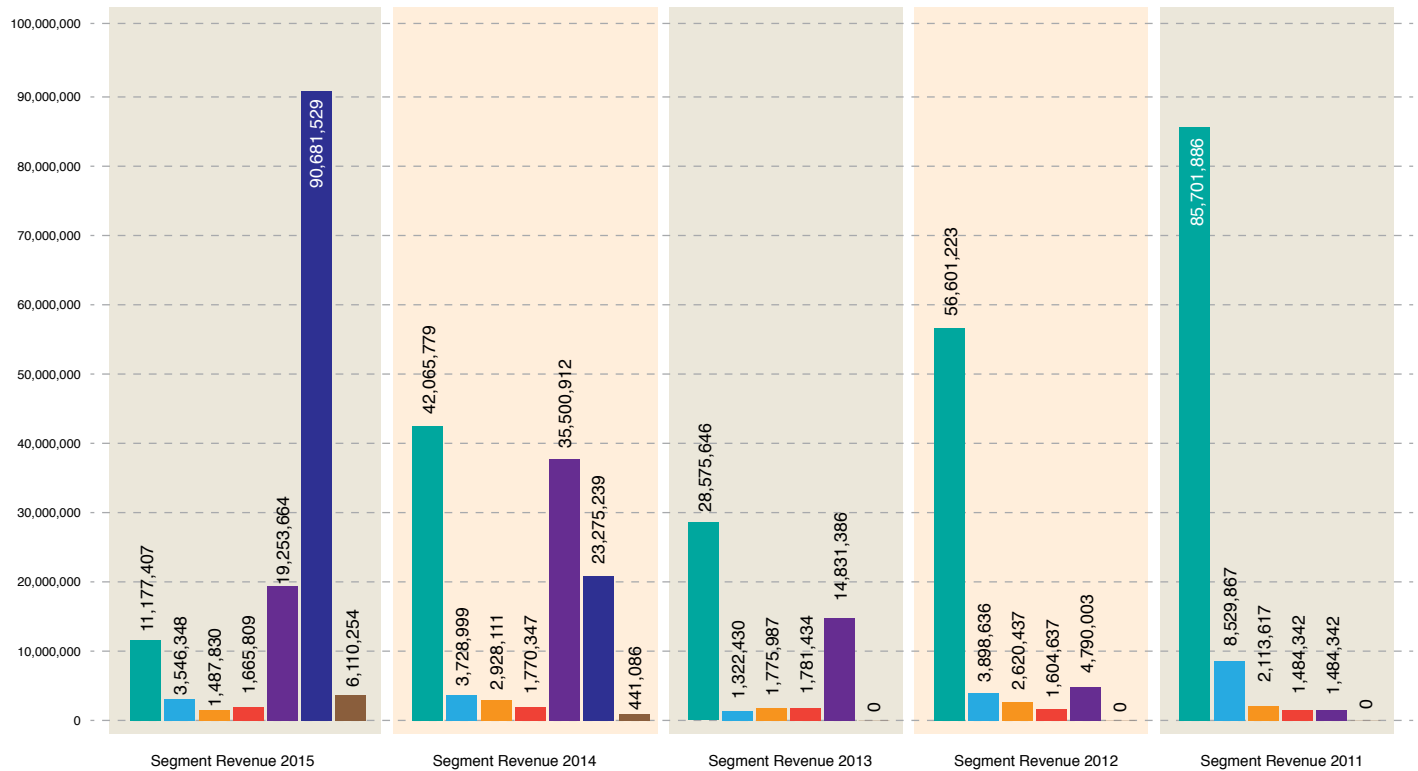
Net assets per share
(Sen)



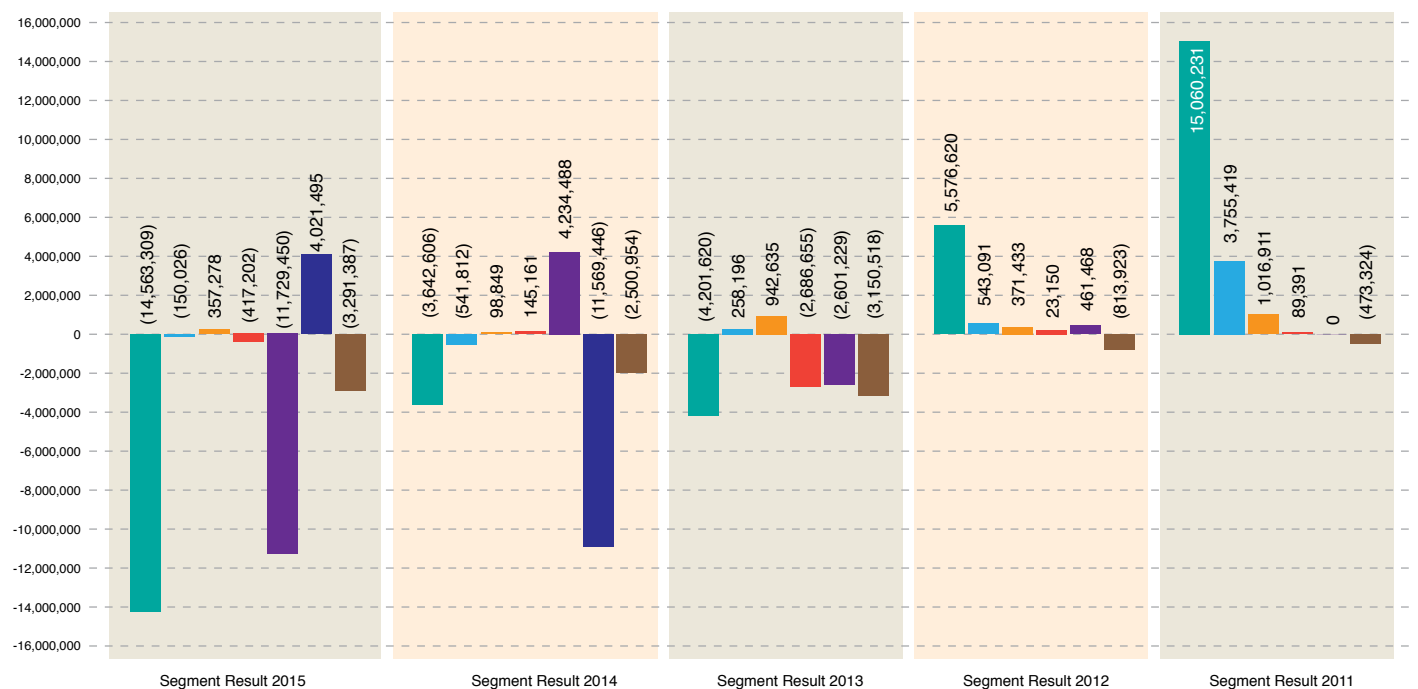
GROUP FINANCIAL HIGHLIGHTS

GROUP 5 YEARS FINANCIAL PERFORMANCE

Segment Revenue Analysis (RM'Million)



Segment Results Analysis (RM'Million)

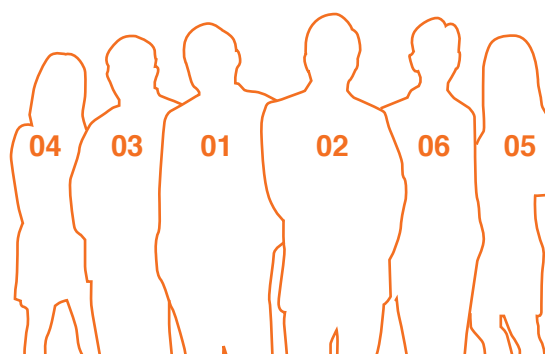


Systems Integration Trading Maintenance Rental Property Development Concession Others

BOARD OF DIRECTORS



- 01 TAN SRI DATUK MOHD ZAMAN KHAN @
HASSAN B RAHIM KHAN**
Independent Non-Executive Chairman
- 02 MEJAR (K) DATUK WIRA LEE WAH CHONG**
Managing Director
- 03 DATO' HAJI ISHAK BIN HAJI MOHAMED**
Senior Independent Non-Executive Director
- 04 LEE MELLY**
Executive Director
- 05 LEE JIN JEAN**
Executive Director
- 06 SEE TAI SOON**
Independent Non-Executive Director
- 07 LEE CHUN SZEN** (not in the picture)
Executive Director



DIRECTORS' PROFILE



TAN SRI DATUK MOHD ZAMAN KHAN @ HASSAN B RAHIM KHAN

Independent Non-Executive Chairman

Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan, a Malaysian aged 73, was appointed as an Independent Non-Executive Director of the Company on 27 May 2011. He is currently the Chairman of the Board, Audit Committee, Nomination Committee and Remuneration Committee.

He graduated from Royal College of Defence Studies, United Kingdom and also holds a Graduate Certificate in Management from Monash Mt. Eliza Business School. Tan Sri Datuk Zaman Khan namely as Commissioner of Police, Director of Criminal Investigation and Director-General for the Prisons Department. On his retirement, he became active in prevention and rehabilitation with PEMADAM. He was inducted into the Harm Reduction Working Group with the Malaysian Aids Council and subsequently inducted into the National Task Force on Harm Reduction. He is currently the President of Malaysian Aids Council and Trustee of Malaysian Aids Foundation.

His present directorship in public companies includes RCE Capital Berhad.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

Tan Sri Datuk Mohd Zaman Khan attended three out of four Board of Directors' Meetings held during the financial year ended 30 September 2015.



MEJAR (K) DATUK WIRA LEE WAH CHONG

Managing Director

Mejar (K) Datuk Wira Lee Wah Chong, a Malaysian aged 57 was appointed as the Managing Director of the Company on 18 August 2003. He is currently a member of the Remuneration Committee.

He graduated with a Diploma in Electronic Engineering from the Federal Institute of Technology in 1982. He continued to enhance his technical knowledge by attending courses on advanced system applications in the United States of America. He is the founder of Digistar Group which started as an audio visual system provider in 1982 which expanded to a total solution provider in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems. As the Managing Director of the Group, Datuk Lee has been the main driving force of the Group since 1982. His sound technical background and management skills have taken the Group to the forefront of the system integration industry.

He also sits on the Board of Directors of various other private companies and does not have any directorship in other public companies.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

His sister, Madam Lee Mely, his daughter, Ms Lee Jin Jean and his son, Mr Lee Chun Szen are members of the Board.

Datuk Lee attended all four Board of Directors' Meetings held during the financial year ended 30 September 2015.

DIRECTORS' PROFILE



DATO' HAJI ISHAK BIN HAJI MOHAMED

Independent Non-Executive Director

Dato' Haji Ishak Bin Haji Mohamed, a Malaysian aged 62, was appointed as an Independent Non-Executive Director of the Company on 27 May 2011. He is currently a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated from University of Wisconsin USA with a Masters in Public Policy in 1992 and Universiti Sains Malaysia with a Bachelor of Social Science 1983. He last served the Malaysian Immigration Department as the Director of Enforcement and previously held several key positions, namely as Director of Immigration for Perak, Secretary General of the Welfare and Sports Council, Intan and Assistant Principal Director of Public Service Department.

He sits on the Board of Directors of several other private limited companies and does not have any directorship in other public companies.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

Dato' Haji Ishak attended all four Board of Directors' Meetings held during the financial year ended 30 September 2015.



LEE MELY

Executive Director

Madam Lee Mely, a Malaysian aged 54, was re-appointed as an Executive Director of the Company on 27 May 2011. Previously she was a non-independent and non-executive director of the Company in 2003 until 2007.

She is a Licensed Company Secretary under Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) since 1997. She graduated with a Certificate in Business Studies from Goon Institute, Petaling Jaya in 1981. She served with Hagemeyer Industries (M) Sdn Bhd as an Assistant Accountant for two (2) years. She left Hagemeyer Industries (M) Sdn Bhd in 1986 to join Segabina Sdn Bhd as an Accounts Executive. She was promoted to the position of Administration Manager in 1992, a position she held for six (6) years before being promoted to the position of General Manager.

She does not have any directorship in other public companies.

Her brother, Mejar (K) Datuk Wira Lee Wah Chong, her niece, Ms Lee Jin Jean and her nephew, Mr Lee Chun Szen are members of the Board.

She has no conflict of interest with the Company, and she has no conviction for any offences (except for traffic offences, if any) within past ten years.

Madam Lee attended all four Board of Directors' Meetings held during the financial year ended 30 September 2015.

DIRECTORS' PROFILE



LEE JIN JEAN

Executive Director

Ms Lee Jin Jean, a Malaysia aged 28, was appointed as Executive Director on 7 August 2013. She completed her professional studies at the Australia National University, graduating with a degree in economic and finance. She has gained experience in the banking industry.

She does not have any directorship in other public companies.

Her father, Mejar (K) Datuk Wira Lee Wah Chong, her aunty, Madam Lee Mely and her brother, Mr Lee Chun Szen are members of the Board.

She has no conflict of interest with the Company, and she has no conviction for any offences (except for traffic offences, if any) within past ten years

Ms Lee attended all four Board of Directors' Meetings held during the financial year ended 30 September 2015.



SEE TAI SOON

Independent Non-Executive Director

Mr See Tai Soon, a Malaysian aged 42, was appointed to the Board of Directors of the Company on 28 January 2014. He is currently a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr See graduated from University Putra Malaysia with Bachelor of Accountancy in 1998. He admitted as a member of Malaysia Institute of Accountants and The Association of Chartered Certified Accountant in 2001. He started his career with Shamsir Jasani Grant Thornton on 1998 and resigned as Audit Senior on 2001. He stayed with a multinational company (Dunlop Slazenger (M) Sdn Bhd) for three (3) years as Accountant from 2001 to 2004 before running his own business.

He does not have any directorship in other public companies.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years.

Mr See attended four Board of Directors' Meetings held during the financial year ended 30 September 2015.

DIRECTORS' PROFILE

LEE CHUN SZEN

Executive Director

Mr Lee Chun Szen, a Malaysian aged 24, was appointed to the Board of Directors of the Company on 10 April 2015. He has completed his studies in Royal Melbourne Institute of Technology as a graduate and obtaining his Diploma studies in Engineering. He has gained experience in the industry of Engineering. Mr Lee owns his own IT business in Australia having great experience in the IT Business. Mr Lee has also worked for a few months in the emerging Oil and Gas Company in Australia during his school holidays.

He does not have any directorship in other public companies.

His father, Mejar (K) Datuk Wira Lee Wah Chong, his aunty, Madam Lee Mely and his sister, Ms Lee Jin Jean are members of the Board.

He has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past ten years

Mr Lee attended two out of two Board of Directors' Meetings held during the financial year ended 30 September 2015 since his appointment in April 2015.

CHAIRMAN'S STATEMENT

“Dear Shareholders,

On behalf of the Board of Directors of Digistar Corporation Berhad (“Digistar”) it is a great pleasure to welcome all of you and wish you all Happy New Year and to present the Annual Report for the financial year ending 30 September 2015.

INDUSTRY OUTLOOK, FUTURE PROSPECTS AND OUT-LOOK OF DIGISTAR GROUP

Digistar is primarily a provider of system engineering and integration. Through its subsidiary companies, the Group is principally engaged in the provision of design, supply, installation and integration of IT infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and TV news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems. In addition, the Group is also involved in the provision of interactive pay TV services, property development, property holding and management operations. Due to nature of the Group's business, the Group's performance is closely depends on the future prospects of the related industries, namely ICT, communication, construction and property developments industries.

OVERVIEW & AND OUTLOOK OF MALAYSIA'S ECONOMY

On 8th January 2016, the Prime Minister in his statement which was address to all staff working in the Ministry of Finance stated that “Adjustment to 2016 budget has to be made due to the developments in the global economic conditions. Among these were the slide in global oil and commodity prices, the strengthening of US dollar and the shrinking of major economies such

**TAN SRI DATUK MOHD ZAMAN KHAN @ HASSAN
B RAHIM KHAN**
Chairman



CHAIRMAN'S STATEMENT

as China. However, the government is confident that the economy would remain stable this year despite challenges faced by the country. Gross Domestic Products was projected to be between 4% and 5% while inflation was expected to be in the 2% and 3% range". He further went on to state that "last year the economy remained sound and it was found that there is 5.1% growth in GDP during the first nine months despite the global downturn". This year would be more challenging with the economic slowdown in China; Malaysian's largest trading partner and further slides in global demand."

The developments in the global economic conditions such as strengthening of the United States dollar, the plunge in the cost oil to the lowest value severely erode the country's revenue and as such this has influenced the Government to review and has prepare adjustments to the 2016 budgets. In addition, the slide in the value of Malaysian Ringgit and the rising cost of both local and imported goods is affecting the economy. Apart from that, development projects will most probably be scaled down and there will be belt tightening all-round.

Outlook of the ICT industry

THE National ICT Association on Malaysia (Pikom) remains "cautiously optimistic" that the industry will grow by 12-14% in 2016, despite various challenges. Earlier in the year, Pikom had said it had expected a 30% drop in the market in the first six months of GST implementation. Growth will come from areas such as cloud computing, mobility, big data, e-commerce and online transactions.

Outlook of the construction and property development industry

The construction sector is expected to continue to record moderate growth, albeit at a more moderate pace in 2016. After several years of robust growth, activity in the residential sub-sector is expected to increase at a more moderate pace due to lower housing approvals and property launches.

Nonetheless, growth in the non-residential sub-sector is projected to be sustained, amid higher construction activity for industrial and commercial buildings. New and existing multi-year civil engineering projects, particularly in the transport and utility segments, will continue to provide additional support to the sector.

Financial Review

Revenue Performance: It has been another challenging year for the Group as we have attained the revenue to RM133.92 million for FY2015 despite facing many challenges this year. Year on year, the revenue increased by 24.21% from RM109.71 million (FY2014).

Net Result Performance: The Group incurred a net loss of RM25.77 million for FY2015 as compare to the loss of RM13.78 million in FY2014.

The increase in revenue are mainly due to delivery of projects in system integration and broadcast engineering segments. In addition, the recognition in the property development and construction sector have been increased significantly which contributed the revenue performance for the year.

DIVIDEND

No dividend has been paid since the end of the previous financial year and the directors do not recommend the payment of any final dividend for the current financial year.

BOARD DEVELOPMENTS

We are pleased to inform that the Board of Directors has adopted the Board Charter together with the Code of Conduct and Sustainability Policy, among others to accord with the recommendation of the Malaysia Code of Corporate Governance 2013.

A NOTE OF APPRECIATION

It has been an exceptional financial period for us and it would not have been possible without the guidance of the board and the support of management and the staff. My sincere appreciation also goes to our customers, business partners including but not limited to all other stakeholders.

Last but not least, I would like to thank and extend my appreciation to my fellow Board members, which have provided valuable insight, guidance and wise counsels to the Company. As a Chairman of Digistar Corporation Berhad, I truly appreciate the trust and opportunity given to me and I shall endeavor to give my utmost in discharging the responsibilities entrusted upon me.

TAN SRI DATUK MOHD ZAMAN KHAN @ HASSAN B RAHIM KHAN
Chairman

MANAGING DIRECTOR'S REPORT

“The Group reported a revenue of RM133.92 million as compared to RM109.71 million in the previous year.”

The Group reported a revenue of RM133.92 million as compared to RM109.71 million in the previous year. The Group has a loss after tax of RM25.77 million compared with a loss of RM13.77 million in the preceding year. The losses was mainly attributed from the interest incurred from bonds issued for efforts made to finance the project Malaysia National Technology Advancement Centre, JKR Institute at Alor Gajah, Melaka.

The Group aim to focus on strengthening the reoccurring business by streamlining the Group structure for better efficiency. Upon completion of the JKR Institute at Alor Gajah, Melaka which under a 15 years concession agreement with the Government of Malaysia. Which will contribute to the group for the next 15 years as a reoccurring income.

Another project namely “The Imperial Heritage” serviced apartment cum hotel in the heart of Melaka (a UNESCO world Heritage Site) has contributed positively in term of revenue and result to the Group. We expect that our hotel operation will continue to contribute positively to the Group earning. In addition our 24 hours real time central monitoring system services is also expected to increase our Group earnings power and growth.

MEJAR (K) DATUK WIRA LEE WAH CHONG
Managing Director



MANAGING DIRECTOR'S REPORT

STRATEGY MOVING FORWARD AND FUTURE PROSPECTS

The Group continued to grow through acquisition and tie-ups that complement the business. Through acquisition and tie-ups with the Group, valuable business synergy and business expansion can be achieved by leveraging upon the Group's resources and expertise. Examples of these are Wemal Maxi-Protecs Sdn Bhd, a subsidiary company dealing in Central Monitoring System (CMS) based in Sarawak. Others include Mulia Optima Sdn Bhd which deal in Property Investment arm. In addition, the group has signed an agreement recently with Telekom Malaysia, whereby Telekom Malaysia outlets will be able to promote and market Panther 911 products.

In the near future, the Group has plans to venture into the areas of provision of 'mobile security' services and are looking to increase its market presence in this segments, based on our existing Panther 911 platform.

The Group has considered the possibility of forming strategic alliance with other telco companies which enable the Group to increase its products offering and explore new market segments.

In the coming months, we are expected to establish agreements with both local and international Telco companies to form a strategic alliance and leverage on our existing Panther 911 mobile security service based on our strength on existing command center which is the largest in Malaysia, this product is expected to launch 2nd quarter of 2016.

As safety and security system are becoming more and more receptive to the public these days, we are confident with our state-of-the-art technology, the 1st of its kind in this region, that we will be able to aggressively capture a wider and stronger market segment. We see huge opportunities that will help us grow and be sustainable in years to come.

Adding on to the existing hotel facilities available at Imperial Heritage Hotel Melaka, we are gearing up in adding on 2 more meeting rooms to cater for the demand of corporate groups. This will further enhance the revenue for the premises during weekdays, as most of Melaka hotels has higher occupancy during the weekends.

STRATEGY MOVING FORWARD AND FUTURE PROSPECTS

The group continues remain vigilant in its action and proactive in management while operating in a robust and highly competitive business environment. In light of the projected growth of Malaysia economy which are subjected to many external factors such as the price of crude oil and worldwide economy performance.

Our Group's competitive advantages and key strengths that will enable the Group compete successfully as well as to provide the Group with growth prospects. The competitive advantages and key strengths of the Group are set out below:-

- Our Group's track record and established reputation as a comprehensive system integration solutions provider since the commencement of its business in 1982;
- Our Group's expertise in providing customized solutions in systems engineering and integration to meet its customers' requirements; and
- Our services provided to large user-industries, which is a key strength as it enables the Group to sustain its business and future growth.

MANAGING DIRECTOR'S REPORT

.....

We have in place for our business and expansion plans that are expected to create growth opportunities to the Group in long term:-

- The Group plans to expand its broadcasting systems engineering and integration business by servicing more local media broadcast operators as well as to address new markets in the Asia Pacific region, while waiting for Malaysia's overall digitalization to kick off;
- The Group plans to expand its interactive pay TV segment locally by targeting a niche market of residential users in condominiums, apartments and flats where the group is able to install centralized content systems in these types of buildings;
- The Group plans to expand its business in the provision of security systems, particularly in the operations of 24-hour security monitoring system, namely CMS, that are targeting at residential, commercial, industrial, warehouse, SMEs and bank properties within Malaysia.

The CMS will utilize internet protocol based detection platform and high technology surveillance system to detect intruders before entering the protected premises. In the event of a motion detected the system will automatically relay a distress or an emergency signal. CMS command centre, which is a centre that links all the premises with the CMS, will coordinate and respond to signal received.

Presently, our CMS command centre is located in Kuala Lumpur, Melaka & Sarawak, the Group plans to set up additional three (3) more CMS command centre in Penang, Johor and Sabah.

Digistar Rauland MSC Sdn Bhd which is fully owned by the Group, will be launching its Mobile Virtual Network Operator this year. Over the past 2 years we have captured and done our research, in order to survive in this market segment, the company has to develop value added services for the consumers. I believe, that apart from innovation and up-to-date technologies with value added service our new product will be a hit and in demand in the local market.

We believe that the Group's expansion in this CMS and Mobile Virtual Network Operator will contribute a positive steady and recurring revenue stream earnings for the Group in long term.

ACKNOWLEDGEMENT AND APPRECIATION

I believe that FY 2016 will be another exciting year for Digistar Group. I would like to extend my deepest appreciation to our stakeholders, the management and the staff of Digistar for their confidence and unwavering support throughout FY 2015. I also wish to extend my sincere thanks to my fellow Board members for their commitment and invaluable advice. I hope this good relationship that we have built will continue to flourish well in to the future.

MEJAR (K) DATUK WIRA LEE WAH CHONG

Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

“This Management Discussion & Analysis [MD & A] of Financial Condition and Results of Operations formally cover from 1 October 2014 to 30 September 2015.

Overview of results

We are an Investment holding company. Though our subsidiaries, we are principally involved in the design, supply, installation and integration of IT infrastructure, tele-conferencing, LANs, interactive media management systems, radio and television news automation telecommunication systems, integrated audio and visual systems, and other related electronic systems. Our target market is mainly the local system end users, particularly in higher learning institutions, hospitals as well as public and private buildings. As a system integrator, we principally design and install the most appropriate systems and/ or equipment to suit each particular environment.

To complement our present business, we also play the role of a distribution centre for all kinds of specialized local electronic and electrical components products, as well as products from several reputable international hardware and software manufacturers, such as audio and visual equipment, as well as broadcasting software and hardware. We also provide electronic systems maintenance and support services to our clients.

The Group has been keep on growing, expanding and venture into new business which are the property development division and central monitoring system (CMS) division.

Our Group is involved in the provision of interactive Pay TV, property holding and property management, which includes renting, maintaining and upkeep of properties.

Our gross revenue for the Group is RM133.92 million and was mainly generated from the provision of Concession for the FY 2015, which contributed approximated RM90.68 million or 67.71% of our Group's revenue. The property development division contributed RM19.25 million for the Group's revenue which constitute 14.38% of the total revenue. The remaining were contributed from System Integration, trading of electronic and electrical components and products, electronic systems maintenance and support services, interactive Pay TV as well as rental income.

Our operations are carried out through of our subsidiaries as follows:

- **Digistar Holdings Sdn Bhd**, which is principally involved in designed, supply, installation and integration of IT infrastructure, tele-conferencing, LANs, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems, and other related electronic systems;
- **Digistar Rauland MSC Sdn Bhd**, which is principally a health television operator, involved in the provision of interactive Pay TV services to local hospitals;
- **Rauland Asia Sdn Bhd**, which is principally involved trading of electronic equipment and Central Monitoring System (CMS) services.
- **Digistar Properties Sdn Bhd**, which is principally involved in property holding and property management, which include the renting, maintaining and upkeep of properties;
- **Seni Pujaan Sdn Bhd**, which is principally involved in property developments and hotel operator;
- **Matang Makmur Holdings Sdn Bhd**, which is currently principally engaged in the business of investment holding.
- **Indera Persada Sdn Bhd**, which is currently undertaken the construction and provide asset management service for the concession asset.
- **Digistar Construction (M) Sdn Bhd**, which is currently involved in construction work of concession asset.
- **Protec A & A CMS Sdn Bhd**, which is principally involved in Central Monitoring System (CMS) services.
- **Wemal Maxi-Protect Sdn Bhd**, which is principally involved in Central Monitoring System (CMS) services.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Sakura Management Sdn Bhd**, which is principally involved in Property management.
- **Mulia Optima Sdn Bhd**, which is principally involved in Property development.

Our business activities, products and services.

We focus on the provision of a range of systems engineering and integration solutions. Although our solutions can be customized for use in any industry, we are currently focusing on the audio-visual, broadcasting and security sectors, besides sourcing software and equipment for our system engineering and integration services, we also trade hardware and software as part of our business model. We also provide after-sales support to our customers by providing systems and equipment maintenance services.

Our other business activities are in provision of interactive Pay TV, property holding, central monitoring system, telecommunication, property development and construction activities.

- **System engineering and integration**

The provision of systems engineering and integration solutions is undertaken by our subsidiary, Digistar Holdings Sdn Bhd. Our system engineering and integration solution mainly cover the audio-visual sectors, broadcasting system and security systems. The division contributed revenue and result of RM11.18 million and a net loss of RM14.56 million respectively as disclosed in the Group Financial Highlights.

- **Interactive Pay TV services**

The provision of interactive pay TV services is undertaken by our subsidiary in Digistar Rauland MSC Sdn Bhd. Our interactive Pay TV services is market under the brand name of "Haha TV". This division contributed revenue of RM1.49 million and a net profit of RM0.36 million.

- **Central Monitoring System (CMS)**

Digistar's CMS offers monitoring services via a comprehensive internet protocol-based platform and hi-tech surveillance system. It can switch to sun on 3G, 4G and LTE networks during the power disruptions. The 24-hour real-time monitoring services would be offered to residential, commercial, industrial and public properties, covering a wide range of surveillance including alarms system for the elderly, infant, vehicle and self-monitoring. The system in licenced under the Home Affairs Ministry, this CMS can act as a bridge between the police and the public. This division generated revenue of RM3.55 million to the Group and incurred net loss of RM0.15 million due to operating, administration and marketing cost incurred for this division.

- **Construction division**

Our subsidiary, Indera Persada Sdn Bd, have entered into an agreement with the Government of Malaysia to carry out the design, development, construction and completion of the buildings, structures, equipment plants, machinery, installation, facilities and infrastructure (together with the necessary amenities, utilities and fittings and fixtures) which are to be designed, constructed, installed, developed and completed on a parcel of leasehold and held under land title details Pt 3287 H.S(D) 21930 measuring approximately 110 acres situated in Mukim Taboh Naning, Daerah Alor Gajah, Melaka ie for construction of Malaysia National Technology Advancement Centre or JKR Institute. The concession period for the project are 18 years which covered the construction period for 3 years and asset management services period for 15 years. The concession agreement expected to contribute positively to Digistar Group's earning and net tangible assets for the financial years ending 30 September 2016 – 30 September 2030. As at financial year, this division yet to deliver any revenue and result for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

• Property Development – The Imperial Heritage

The other part of our business is property development, which is undertaken by our subsidiary, Seni Pujaan.

THE IMPERIAL HERITAGE is a unique and exciting development which combines the elements of classical architectural design & ingenuity, featuring modern and contemporary lifestyle in the heart of Melaka town, a UNESCO World Heritage Site, One of the most vibrant states and rich in historical influence in the country. Strategically, located within walking distance to the most popular tourism spots and offers ample parking places for visitors. THE IMPERIAL HERITAGE offer our valued customer and exclusive property investment in Melaka, Malaysia to meet the demands more than 10 million visitors every year. THE IMPERIAL HERITAGE complete with facilities such as centralized MATV & IPTV systems, WIFI and internet access, 24 hours security systems

THE IMPERIAL HERITAGE is one of Malacca's newest establishments and is located in the world Heritage area. The hotel was offering business and leisure travelers a refined experience with 329 guest rooms in warm earth tones, equipped with Balinese modern amenities for the ultimate ambience. It has been designed to replicate the blending of the various architectural influences of Malacca and this is reflected in the hotel's interesting exterior details and fine interiors. We have many different rooms to cater to our guests' individual tastes. Choose between a one room suite, 2 room suite, 3 room suite or studio.

A variety of accommodation is available, ranging from the Standard, Superior, Deluxe, Studio, Business Suite, Junior Suite, Heritage Suite, Imperial Suite and Presidential Suite. The room is designed with distinguished features, complementing the comforting ambience of warm earthen tones for a relaxing experience. Complete with a host of modern amenities and it is the ideal retreat for discerning travelers.

Apart from the above, a unique dining experience awaits diners at the Bon Appetite café. The Sky Lounge is a cocktail of style and elegance, ideal to relax and is located at 3rd floor Garden Courtyard which will leave our guest a comfortable and memorable experience.

We have been in operation since March 2015, and even until now we are still selective in relation to offering rates to corporate clients and government or Travel Agents and we are proud that we have established many business partners to our success, despite that, our presence will be promoted through International Trade shows and visitation.

A good promotion base on advertising is needed in order for the package and promotion to be communicated through advertising in major deals in Malaysia, Singapore, Indonesia and Thailand.

In 2016, we expect more challenges and stiff competition among hotels in our area. But we are confident and prepared that we will be able to perform better than year 2015 with our aggressive marketing effort and upfront planning.

THE IMPERIAL HERITAGE

THE IMPERIAL HERITAGE complete with facilities such as centralized MATV & IPTV systems, WIFI and internet access, 24 hours security systems. Different interior themes such as Balinese, Classic & Modern Lifestyles are available to cater for the different tastes and individuality.



SIGNIFICANT EVENTS AND AWARDS

Collaboration between Digistar Holdings Sdn Bhd and Telekom Malaysia on 17 September 2015

Digistar Holdings Sdn Bhd and Telekom Malaysia has come together for a special collaboration to offer TM customers with security solutions at zero cost on the hardware. The purpose of this collaboration is that Digistar offers total hassle free integrated real-time Central Monitoring System [CMS] (First time in Malaysia). The CMS is ideal for residential home, commercial building, factory and others etc.

The signing ceremony was held on 17th September 2015 and it was an honour to have TM's Vice President of Mass Market Marketing Operations En Moharmustaqeem and Digistar's Group CEO Datuk Wira Lee Wah Chong to officiate the ceremony.

To commemorate this special collaboration, the first 100 customers will enjoy 50% discount from the retail price for first year in relation to the monitoring fees.



Panther 911 Central Monitoring Station (CMS) Melaka Official Launch which was held on 20th November 2015

Digistar Holdings Sdn Bhd has invited Melaka Chief Minister Datuk Seri Ir. Hj. Bin Hj. Haron, Ketua Polis Negara YDH Inspektor General Tan Sri Dato' Sri Khalid bin Abu Bakar, Pengarah Jabatan Siasatan Jenayah Narkotik YDH Komisioner Polis Dato' Sri Mohd Mokhtar bin Mohd Shariff, Ketua Polis Melaka YDH Deputy Komisioner Polis Datuk Wira Chua Ghee Lye to officiate the launching of Panther 911 Central Monitoring Station (CMS) Melaka. The said event is also attended by many local press and television media.



Panther 911 security service is fully owned by DIGISTAR Corporation Berhad, which is listed in the Malaysia Stock Exchange and it has been incorporated since 1982. With over 30 years of experience and present in the market, we are the ONLY CMS Company providing real time monitoring services which under "lives" for 6 command Centre located at Penang, Kuala Lumpur, Melaka, Johor, Sabah and Sarawak. The purpose of this product is to 'overcome' the conventional system dilemma which mostly happen in the Malaysian market, our product enable us to completely eliminate false alarm, to make calls to confirm any security threat, and false alarm such as siren noise which may irritates or caused inconvenience to the neighbours. Our real time 'protection' will notify the police to take immediate action and there is also a 'live command voice speaker system' where it has successful 100% caused the intruder to 'run away' before entering the premise and create unnecessary 'trauma'.

Panther 911 are ideally for residential houses and business premises to industry use monitoring. We welcome any visitors and provide FREE security survey or visit any of our 6 command centres (by appointment only).

SIGNIFICANT EVENTS AND AWARDS

Panther Mobile – Product Introduction & Channel Dealer Recruitment Awareness-Branding Program at Imperial Heritage Melaka



Panther Mobile presentation to distributor & dealer by Louis Lee & Head of Sales & Marketing, Ethan Chang.



Distributor & Dealer sign up
Panther Mobile Dealer Program



Nationwide IT / Mobile Distributor & Dealer
Readiness to Promote & Distribute Panther Mobile



Q & A Session

SIGNIFICANT EVENTS AND AWARDS



**Forbes Asia Best
Under A Billion Award**
THE REGION'S TOP 200 SMALL AND
MIDSIZE COMPANIES

CORPORATE SOCIAL RESPONSIBILITY

The Group strives to go beyond Corporate Social Responsibility (CSR) and integrate sustainability in everything that we do. We believe that firm commitment to the CSR form the foundation of good corporate citizenship and upholds the utmost level of corporate governance. We endeavor to manage our business in a socially responsible manner that align to our Group's business strategy. Apart from looking into the interest of our stakeholders, customers, investors, employees and suppliers, we also pay attention in creating a favourable influence on the larger community.

WORKPLACE

The Group is committed to treat our employees with respect and dignity. We continually strive to create an inspiring and conducive working environment.

ENVIRONMENT

Environment conservation is a state of harmony between land and people. Therefore it is the responsibility of every person to ensure sustainability. There are continuous awareness programs being conducted to ensure the appreciation of and conservation of flora and fauna.

MARKETPLACE

The Group commitment towards our clients is by providing reliable and innovative business solutions that increase the organisation's operational efficiency by rendering courteous, responsible and efficient service in every aspect of its business. This process resulted positive and we hope to implement more initiatives that will help the Group to serve our clientele better.

COMMUNITY

The Group recognizes the importance of adhering to the environment and social needs of the community and will take proactive action in relation to our CSR activities. Digistar had contributed philanthropically towards the community in support of charitable event and education.

Professional Development & Training Scholarship

The Group believes that education is an integral component in empowering and enlightening the young to become leaders of tomorrow.

Under the Scholarship, the students required to undergo a Company-selected course at an institution determined by the Company on a full-time basis. Thereafter, the students shall undergo a full time practical training which may be conducted in-house or at selected institutions and organisations, both local and overseas training.

Upon completion of the Training Period, successful students will be offered employment as well as opportunity to undergo further trainings overseas and career advancements with the Group.

The Group has sponsored the costs for the full time course including practical training, as well as to provide monthly allowance and hostel accommodation for students.

CORPORATE SOCIAL RESPONSIBILITY

Internship Programme - A Learning Pathway to Excel in Career and Life Experience

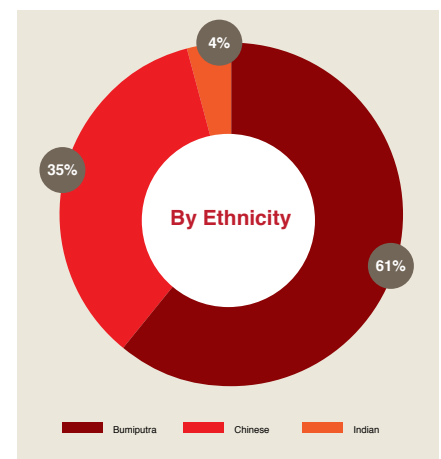
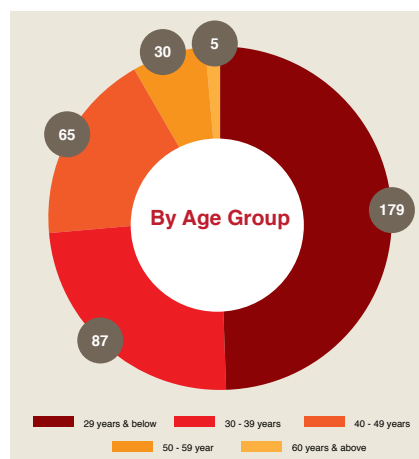
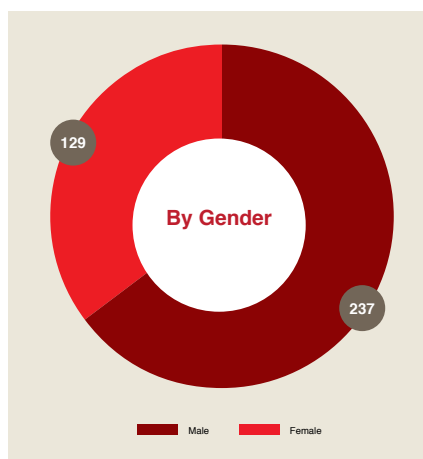
Interns are hired to work hands-on with technical support fields. The Program provides a salary during the internship, free lodging and extra monthly allowances. They are assigned in various departments within Digistar's Group of companies.

Interns will work in a highly-supportive professional setting gaining real-world, unique experience while broadening their understanding of the careers needed to support each department they are assigned to. Interns will also have the opportunity to enhance their technical skill sets through series of practical training within inter departments. These departments of Digistar provide vast of experience in the section of broadcasting, information technology, electronic and electrical engineering, hospitality, construction and security solutions.



The skill sets required of interns depend upon the specific project to which they apply and assigned for various departments. Interns will be mentored and provided with guidance and training on many skills, though a strong interest and desire to learn is essential.

Upon completion of the internship programme, successful students will be offered employment and career enhancement with Digistar Group. The program changes the life and career path of all potential interns with talent and initiative to work hard and grow together with the company for their future lifestyle. As part of Digistar Group corporate social responsibilities for the society, we offer the opportunity, to guide, to develop and to create future leaders for the country that excel in the corporate world and to contribute back to the Malaysian society



STATEMENT TO THE SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Proposed Renewal of Share Buy-Back Authority ("Statement") prior to its issuance. As such, Bursa Securities takes no responsibility for the contents of this Statements, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for the Proposed Renewal of Authority for the Purchase by Digistar Corporation Berhad ("Digistar" or the "Company") of its own Ordinary Shares of RM0.10 Each ("Shares") on the Main Market of Bursa Securities of up to ten per centum (10%) of its Existing Issued and Paid-up Share Capital ("Proposed Renewal")

Any Share Buy-Back, if implemented pursuant to the Proposed Renewal, is expected to potentially benefit the Company and its shareholders as follows:-

- (a) It will enable the Company to utilise its surplus financial resources which is not immediately required for other uses to purchase Digistar Shares from the market. This may help to stabilize the supply and demand of Digistar Shares traded on the Main Market of the Bursa Securities and thereby support its fundamental value;
- (b) The purchase of its own shares by Digistar, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Digistar Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in Digistar due to the increase in the Company's earnings per share; and
- (c) The purchases Digistar Shares can be held as treasury shares and resold on the Main Market at a higher price with the intention of realizing potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3. Retained Profits and Share Premium

Based on the audited financial statements for the year ended 30 September 2015 the retained profits and share premium account of the Company stood at RM7,446,454 and RM29,225,123, respectively. Based on the unaudited First Quarter results for the period ended 31 December 2015, the retained profits and share premium account of the Company stood at RM7,422,881 and RM29,225,123 respectively.

4. Source of Funds

The funding for the Proposed Renewal will be from internally generated funds and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the Proposed Renewal. The Proposed Renewal will reduce the cash of the Company by an amount equivalent to the purchase price of Digistar Shares and the actual number of Digistar Shares bought back. There is no restriction on the type of funds which may be utilized for the proposed Renewal so long as it is backed by an equivalent amount of retained profits and/or share premium of the Company.

In the event of the Company decides to utilise external borrowings to finance the Proposed Renewal, there will be a decline in its net cashflow to the extent of the interest cost associated with such borrowings but the Board of Directors of Digistar does not foresee any difficulty in the serving of interest and repayment of borrowings used for the Proposed Renewal, if any. Based on the audited consolidated financial statements of Digistar as at 30 September 2015, the Group has a net cash and cash equivalent balance of approximately RM92,549,168.

STATEMENT TO THE SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

5. Direct and Indirect Interest of the Directors and Substantial Shareholders

Save for the proportionate increase in the percentage of shareholding and/or voting rights in their capacity as the shareholders of the Company, pursuant to the Proposed Renewal, none of the Directors, Substantial Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal and/or resale of treasury shares.

The direct and indirect interest of the Substantial Shareholders of Digistar and persons connected with them as at 31 January 2016 are set out in the tables below together with the effect of the Proposed Renewal assuming that Digistar implements the Proposed Renewal in full and all the shares so purchased are fully cancelled under the following scenarios:

Minimum Scenario: Assuming that none of the 101,799,185 outstanding Warrants A and 74,024,334 Warrants B (collectively referred as "Outstanding Warrants") are exercised.

Maximum Scenario: Assuming that all the Outstanding Warrants are exercised.

(a) Direct and Indirect Interest of the Directors of Digistar

Minimum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mejar (K) Datuk Wira Lee Wah Chong	46,382,549	10.17	69,321,731	15.20	46,382,549	11.32	69,321,731	16.92

Maximum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mejar (K) Datuk Wira Lee Wah Chong ^(a)	51,166,530	8.10	82,926,917 ^(b)	13.12	51,166,530	9.01	82,926,917 ^(b)	14.60

Notes:

- (i) The share purchased and held as treasury shares as at 31 January 2016 is 7,372,808 shares.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchased under the respective scenarios.
- (a) Mejar (K) Datuk Wira Lee Wah Chong holds 4,783,981 Warrants B as at 31 January 2016.
- (b) LWC Capital Sdn Bhd and Datin Wira Wa Siew Yam hold 13,595,019 and 10,167 Warrants B respectively as at 31 January 2016.
- # Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 6A of the Companies Act, 1965 ("the Act") and the shareholding of his spouse pursuant to Section 134(12)(c) of the Act.

STATEMENT TO THE SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

(b) Direct and Indirect Interests of the Substantial Shareholders of Digistar

Minimum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LWC Capital Sdn Bhd	65,098,526	14.27	-	-	65,098,526	15.89	-	-
Mejar (K) Datuk Wira Lee Wah Chong	46,382,549	10.17	69,321,731	15.20	46,382,549	11.32	69,321,731	16.92
Star Heritage Development Sdn Bhd	23,126,400	5.07	-	-	23,126,400	5.64	-	-
Lim Guat Deu	-	-	23,126,400	5.07	-	-	23,126,400	5.64
Loo Ah Moy @ Loh Ng Looi	14,248,300	3.12	23,126,400	5.07	14,248,300	3.48	23,126,400	5.64

Maximum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LWC Capital Sdn Bhd ^(a)	78,693,545	12.45	-	-	78,693,545	13.86	-	-
Mejar (K) Datuk Wira Lee Wah Chong ^(b)	51,166,530	8.10	82,926,917	13.12	51,166,530	9.01	82,926,917	14.60
Star Heritage Development Sdn Bhd	23,126,400	3.66	-	-	23,126,400	4.07	-	-
Lim Guat Deu	-	-	23,126,400	3.66	-	-	23,126,400	4.07
Loo Ah Moy @ Loh Ng Looi	14,248,300	2.25	23,126,400	3.66	14,248,300	2.51	23,126,400	4.07

Notes:

- (i) The share purchased and held as treasury shares as at 31 January 2016 is 7,372,808 shares.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchases under the respective scenarios.
- (a) LWC Capital Sdn Bhd holds 13,595,019 Warrants B as at 31 January 2016.
- (b) Mejar (K) Datuk Wira Lee Wah Chong holds 4,783,981 Warrant B as at 31 January 2016
- # Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 6A of the Act and the shareholding of his spouse pursuant to Section 134(12)(c) of the Act.

STATEMENT TO THE SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

(c) Direct and Indirect Interests of Persons Connected with the Directors and Substantial Shareholders of Digistar

Minimum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Mey Ling [#]	54,400	0.01	-	-	54,400	0.01	-	-
Lee Hwa Beng [#]	441,000	0.10	-	-	441,000	0.11	-	-
Chua Mooi Hua [#]	164,705	0.04	-	-	164,705	0.04	-	-
Lee Seng Gak [#]	50	0.00	-	-	50	0.00	-	-
Lee Hwa Yang [#]	4,200	0.00	-	-	4,200	0.00	-	-

Maximum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Mey Ling [#]	54,400	0.01	-	-	54,400	0.01	-	-
Lee Hwa Beng ^{(a) #}	761,731	0.12	-	-	761,731	0.13	-	-
Chua Mooi Hua ^{(b) #}	1,259,267	0.20	-	-	1,259,267	0.22	-	-
Lee Seng Gak [#]	50	0.00	-	-	50	0.00	-	-
Lee Hwa Yang ^{(c) #}	9,290	0.00	-	-	9,290	0.00	-	-

Notes:

- (i) The share purchased and held as treasury shares as at 31 January 2016 is 7,372,808 shares.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchases under the respective scenarios.
- (a) Lee Hwa Beng holds 226,231 Warrants A and 94,500 Warrants B as at 31 January 2016
- (b) Chua Mooi Hua holds 1,059,252 Warrants A and 35,250 Warrants B as at 31 January 2016.
- (c) Lee Hwa Yang Holds 5,090 Warrants A as at 31 January 2016.
- [#] Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 6A of the Act and the shareholding of his spouse pursuant to Section 134(12)(c) of the Act.

STATEMENT TO THE SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

6. Potential Advantages and Disadvantages of the proposed Renewal

For the potential advantages of the Proposed Renewal to the Company and its shareholders, kindly refer to section 2 of this statement.

For the potential disadvantages of the Proposed Renewal to the Company and its shareholders are as follows:-

- the Proposed Renewal will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future;
- the cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance a Share Buy-Back;
- as the Proposed Renewal can only be made out of the retained profits and/ or share premium account of the Company, it will result in a reduction in the financial resources available for distribution to shareholders of the Company in the immediate future; and
- the Proposed Renewal may reduce the consolidated net assets of the Company if the purchase price of Digistar Shares is higher than the consolidated net assets of the Company at the time of purchase.

Nevertheless, any Share buy-Back to be undertaken pursuant to the Proposed Renewal is not expected to have any potential material disadvantages to the Company and its shareholders as the Company would purchase Digistar Shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board will be mindful of the best interest of the Company and its shareholders to do so.

7. Financial Effects

The financial effects of Share Buy-Back under the Proposed Renewal on the share capital, earnings, net assets ("NA"), dividend, working capital, substantial shareholders' and directors' shareholdings of Digistar are set out below:

(a) Share Capital

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of shares
As at 31 January 2016	463,412,818	463,412,818
Upon full exercise of all Outstanding Warrants	-	175,823,519
	463,412,818	639,236,337
Proposed Renewal (assuming that all the Digistar Shares purchased are fully cancelled)	(46,341,281)	(63,923,633)
Resultant share capital	417,071,537	575,312,704

Note

* Includes the 7,372,808 Digistar Shares purchased and held as treasury shares as at 31 January 2016.

The proforma effects of Share Buy-Back pursuant to the Proposed Renewal on the share capital of Digistar will depend on the intention of the Board with regards to the treatment of the purchased Digistar Shares. If the purchased Digistar Share are cancelled, it will result in a reduction of the total issued and paid-up share capital of the Company as shown in the table above. Conversely, if the purchased Digistar share are retained as treasury shares, there will be no effect on the issued and paid-up share capital of Digistar. Nevertheless, certain rights attached to the Digistar Shares will be suspended while they are held as treasury shares.

(b) Earnings

The effects of Share Buy-Back under the Proposed Renewal on the earnings of the Group would depend on the purchase price and the number of Digistar Shares purchased. The effective reduction in the issued and paid-up share capital of the Company pursuant to a Share Buy-Back will, generally, with all else being equal, have a positive impact on the consolidated earnings per share of the Company.

STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

(c) NA

The consolidated NA of the Company may increase or decrease depending on the number of Digistar Shares purchased, the purchase prices of the Digistar Shares, the effective cost of funding and the treatment of the Digistar Shares purchased.

Share Buy-Back will reduce the NA per Digistar share when the purchase price exceeds the NA per Digistar Share at the time of purchase. On the other hand, the NA per Digistar Share will increase when the purchase price is less than the NA per Digistar Share at the time of purchase.

(d) Dividend

No dividend has been declared in respect of financial year ended 30 September 2015. Barring unforeseen circumstances, the dividends to be declared by Digistar, if any, in respect of the current financial year ending 30 September 2016 would depend on amongst others, the cash availability, retained profits, cashflow position and funding requirements of the Digistar Group.

(e) Working capital

Share Buy-Back pursuant to the Proposed Renewal would reduce funds available for working capital purposes of the Company, the quantum of which would depend on the purchase price, the actual number of Digistar Shares purchased and any associated costs incurred in making the purchase.

8. Implication of the Malaysian Code on Take-Over and Mergers 2010 (the "Code")

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory general offer ("GO") for the remaining shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their shareholding is between 33% and 50% and increases by another 2% in any six (6)-month period. However, an exemption from undertaking a GO may be granted by the Securities Commission ("SC") under Practice Note 9, Paragraph 24.1 of the Code.

As at, the collective percentage shareholding of the substantial shareholders of Digistar, LWC Capital Sdn Bhd ("LWC") and Star Heritage Development Sdn Bhd ("SHDSB"), and parties acting in concert ("PAC") is 26%. Based on their collective shareholdings as at and assuming LWC, SHDSB and PAC do not acquire any Digistar Shares, the implementation of Share Buy-Back pursuant to the Proposed Renewal would result in a Go being triggered by LWC, SHDSB and the PAC. Therefore, they would be obliged to undertake a GO for the remaining Digistar Shares not held by them pursuant to the Code.

Should such circumstance arise and if required, LWC, SHDSB and PAC are required to seek SC's approval for a waiver from the obligation to undertake a GO under Practice Note 9, Paragraph 24.1 of the Code ("Proposed Waiver").

In the event the Proposed Waiver is not granted, the Company will only proceed with the Share Buy-Back pursuant to the Proposed Renewal to the extent that it will not contravene the limit as provided under the Code.

9. Purchases Made in Last Financial Year

During the financial year ended 30 September 2015, the Company did not purchase any Digistar Shares from the open market.

STATEMENT TO THE SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD OF ITS OWN ORDINARY SHARE

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10. Public shareholding Spread

According to Digistar's Record of Depositors as at 31 January 2016 and based on the substantial Shareholders' filling with the Company as at 31 January 2016, the public shareholding of the Company is 74.00%.

Based on the issued and paid up share capital of the Company as at 31 January 2016 and the maximum scenario, the public shareholding spread of the Company is expected to be increased to 75.75% respectively assuming the company implements the Share Buy-Back in full i.e. up to 10% of the issued and paid-up share capital of the Company as at 31 January 2016. Further, the purchased Digistar Shares are assumed to be purchased from the market from shareholders of Digistar who are deemed public, and the number of Digistar Share held by the Directors and substantial shareholders of Digistar and/or persons connected to them remains unchanged.

Notwithstanding the above, the Company, in implementing any Share Buy-Back, will be mindful in ensuring that the aforesaid public shareholding spread requirement is met and maintained at all times.

11. Directors' statement

Your Directors, having considered all aspects of the proposed Renewal, are of the opinion that the Proposed Renewal is in the best interest of the Company.

12. Directors' Recommendation

Your Directors are of the opinion that the Proposed Renewal is the best interests of the Company and its shareholders. Accordingly, your Directors recommend that you vote in favor of the resolution in relation to the Proposed Renewal to be tabled at the forthcoming AGM.

13. Other Information

There is no other information concerning the Proposed Renewal as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal and the extent of the risks involved in doing so.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("Board") is committed to uphold the high standards of corporate governance within the Group, as it is a fundamental part of discharging its responsibility to protect and enhance shareholders value and the performance of the Group.

This corporate governance statement ("Statement") sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2102 ("MCCG2012") and observed the 26 Recommendations supporting the Principles during the financial period from 1 October 2014 to 30 September 2015 ("financial period") following the release of the MCCG 2012 by the Securities Commission in late March 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial period under review, the non-observation, including the reasons thereof and where appropriate, the alternative practice, if any, is mentioned in this statement.

Principle 1 – Establish clear Roles and Responsibilities of the Board and Management

The Board recognizes the key role it plays in charting the strategic direction of the Company and has assumed the following principle responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company's, which also addresses the sustainability of the Group's business;
- overseeing the conduct of the Company's and subsidiaries ("Group") business and evaluating whether or not its business are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient caliber, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.
- Ensuring that the Company adheres to high standards of ethics and corporate behavior.
- Delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.
- Establish and formalise strategies on promoting sustainability. Attention shall be given to environmental, social and governance aspects of business which underpin sustainability.
- Succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programmes are in place to provide for the orderly succession of senior management

To assist in the discharge of its stewardship role, the Board has established Board Committee, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

(i) Board Composition and Balance

The Board consists of qualified individuals with diverse professional backgrounds, age, gender, and specialisations with vast range of experience in the field of information and technology, finance and management to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company. Pursuant to the Articles of Association of the Company, the Board shall not be less than two (2) Directors and more than nine (9) Directors.

In accordance with the Listing Requirements of Bursa Securities, the Company must ensure that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used. The Board currently has seven (7) members comprising the following:

STATEMENT OF CORPORATE GOVERNANCE

- One (1) Independent Non-Executive Chairman;
- One (1) Senior Independent Non-Executive Director;
- One (1) Independent Non-Executive Director;
- One (1) Managing Director; and
- Three (3) Executive Directors.

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.

On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

(ii) Board Charter

The Board has establish clear functions reserved for the Board and those delegated to Management to enhance accountability. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include. Inter-alia, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial statements and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter"), which serves as a reference point for the Board activities. The Charter provides guidance for directors and Management regarding the responsibilities of the Board, its Committees and management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The salient features of the Charter are disclosed in the Company's website at www.digistar.com.my in line with recommendation 1.7 of the MCCG 2012.

(iii) Code of Ethics

At the date of this statement, the Board has formalized a Director's Code of Ethics, setting out the standards of conduct expected from Directors. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees.

The Board has also formalized a Whistle-blowing Policy, with the aim of providing an avenue for raising concerns relating to possible breaches of business conduct, noncompliance of laws and regulatory requirements as well as other malpractices. The board recognizes the importance of adhering to the Code of Ethics and has taken measures to put in place a process to ensure its compliance.

(iv) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations. The Group's activities on corporate social responsibilities for the financial period under review are disclosed Report in the Corporate Social Responsibility Report section of this Annual Report.

(v) Access to Information and Advice

Directors are provided with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experience and competent on statutory and regulatory requirements and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

STATEMENT OF CORPORATE GOVERNANCE

(vi) Separation of Positions of the Chairman and Managing Director

There is a clear division of the roles and responsibilities between the Company's Chairman and Managing Director to ensure a balance of control, power and authority. The Board is led by Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan as Independent Non-Executive Chairman and the executive management is led by Mejar (K) Datuk Wira Lee Wah Chong, the Managing Director.

The Chairman is responsible for ensuring Board effectiveness and conduct of the Board. The Managing Director assumes the overall responsibility for the Group's operational activities and effectiveness and implements the Board's policies, strategies and decisions. The Managing Director leads the management team in carrying out the corporate strategies and objectives of the Group. The Managing Director is responsible to the Board for the day-to-day management of the Company and the Group. The role of the Chairman and the Managing Director are clearly defined in the Board Charter.

(vii) Qualified and Competent Company Secretary

The Board is supported by Company Secretaries in discharging its duties and functions. The Directors have unrestricted access to the advice and services of the Company Secretaries to enable the Directors to discharge their duties effectively.

The Company Secretaries ensure that the Board is regularly updated on relevant regulatory requirements, codes or new statutes issued from time to time. Also ensuring that, all obligations required by the regulatory and under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") are fulfilled in a timely manner.

Principle 2 – Strengthen Composition of the Board

During the financial period under review, the Board consisted of seven (7) members, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out in the MMLR, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The profile of each Director is set out in the Directors' Profile section of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance, taxation, accounting, audit and economics.

(i) Nomination Committee – Selection and Assessment of Directors

The Nomination Committee conducted an assessment of the performance of the Board, as a whole, the Audit, Nomination and Remuneration Committees and individual Directors, based on a self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considered and approved the recommendations on the reelection and re-appointment of Directors at the Company's forthcoming annual General Meeting.

The Nomination Committee recognizes the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions. The Nomination Committee comprises the following members:

- Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan (Independent Non-Executive Chairman);
- Dato' Haji Ishak Bin Haji Mohamed (Senior Independent Non-Executive Director); and
- See Tai Soon (Independent Non-Executive Director)

The Board has stipulated specific terms of reference for the Nomination Committee, which cover, inter-alia, assessing and recommending to the Board the candidacy of Directors, appointment of Directors to Board Committees and training programmes for the Board. The terms of reference require the Nomination Committee to review annually the required mix of skills and experience of Directors; succession plans and board diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which the independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board, as a whole, Board Committees and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of candidates' suitability is solely based on their competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

STATEMENT OF CORPORATE GOVERNANCE

(ii) Directors' Remuneration

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned. Directors do not participate in discussion of their individual remuneration.

Details of the aggregate remuneration of the Directors for the financial year ended 30 September 2015 were as follows:

Remuneration Components	Group		Total 2015	Total 2014
	Executive Directors	Non-Executive Directors		
Fees	90,000	90,000	180,000	-
Salaries	1,877,000	-	1,877,000	1,732,500
Bonuses	-	-	-	-
EPF	223,000	-	223,000	205,457
Allowance	-	100,000	100,000	81,500
Total	2,190,000	190,000	2,380,000	2,019,457

The number of directors in each remuneration band for the financial year is as follows:-

Range of Remuneration	Group	
	Executive Directors	Non-Executive Directors
RM50,000 and below	1	2
RM50,001 to RM300,000	2	1
RM500,001 to RM550,000	1	-
RM1,600,001 to RM1,650,000	1	-
Total	5	3

Principle 3 – Reinforce Independence of the Board

The positions of chairman and chief executive officer of the Company are held by the Independent Non-Executive Chairman and Managing Director respectively. The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. The Nomination Committee and the Board have upon their annual assessment, concluded that each of the three (3) Independent Non-Executive Directors continues to be independent minded, and demonstrates conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out MMLR.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at board meetings to ensure that contributions from Directors and forthcoming on matters being deliberated and that no Board member dominates discussion. As the Managing Director, supported by fellow Executive Directors and an Executive Management team, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring the bear objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

STATEMENT OF CORPORATE GOVERNANCE

During the financial period under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent director may continue to serve on the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Director based on the criteria on independence as adopted by the Board.

At the date of this Statement, none of the Independent directors has exceeded the 9-year independence tenure.

Principle 4 – Foster Commitment of Directors

The Board ordinarily meets at least (4) times a year, scheduled well in advance before the end of the proceeding financial period to facilitate the Directors in planning their meeting schedule for the year. Additional meeting are convened when urgent and important decisions need to be made between schedule meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly board Meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. During the financial period under review, the board convened four (4) scheduled Board meetings attended by the Directors as follows:

Directors	Attendance
Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan	3 / 4
Mejar (K) Datuk Wira Lee Wah Chong	4 / 4
Dato' Haji Ishak Bin Haji Mohamed	4 / 4
See Tai Soon	4 / 4
Lee Mely	4 / 4
Lee Jin Jean	4 / 4
Lee Chun Szen (appointed on 10 April 2015)	2 / 2

All other directors have complied with the minimum 50% attendance requirements in respect of board meetings as stipulated by the MMLR.

As stipulated in the Board Charter, the Directors shall devote sufficient time and efforts to carry out their responsibilities. The board shall obtain this commitment from Directors at the time of their appointment. 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.

Directors Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the group.

All directors have attended the Mandatory Accreditation Programme ("MAP") as required by the MMLR on all directors of listed companies and the Board will continue to evaluate and determine the training needs of its Directors on the on-going basis. During the year, the Directors have attended various seminars or briefings which they have collectively or individually considered as useful in discharging their stewardship responsibilities.

STATEMENT OF CORPORATE GOVERNANCE

The seminars attended by the Directors during the year was:

- Detecting Financial Fraud – Organised by Tricor Corporate Services Sdn Bhd

The Company Secretaries circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The Accountant and External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statement during the financial period under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

Principle 5 – Uphold integrity in financial reporting by the Company

(i) Financial Reporting

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial period, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

(ii) Audit Committee

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. To assist in its discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively the Independent Non-Executive Directors, with Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan as the Committee's Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report section of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self review" threat faced by the external audit firm, the procedures included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

The Audit Committee meets with the external auditors at least twice a year without the presence of the management to review the scope and adequacy of audit process, the annual financial statements and their audit findings. The Audit Committee also meets additionally with the external auditors whenever it deems necessary. The service provided by the external auditors includes statutory audits and non-audit services. The terms of engagement and fees for the external and internal auditors are reviewed by the Audit Committee and subsequently recommended to the Board for approval.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 42 to 45 of this annual report.

(iv) Assessment of External Auditors

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

STATEMENT OF CORPORATE GOVERNANCE

Principle 6 – Recognise and manage risks of the Group

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represents the key elements of the risk management and internal control structure:

- (a) the establishment of a Risk Management Unit (“RMU”) which is entrusted to ensure the implementation of an effective risk management system and to review the adequacy and integrity of the Group’s internal control and management information system
- (b) an organizational structure in the Company with formally defined lines of responsibility and delegation of authority.
- (c) review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (d) quarterly review of the Group’s business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment; and
- (e) active participation and involvement by the Managing Director, supported by his fellow Executive Directors in the day-to-day running of the major businesses and regular discussions with senior management personnel on operational issues.
- (f) monthly financial reporting by the subsidiaries to the holding company.
- (g) to promote good risk management practices and effective governance within the Group and in ensuring that roles, responsibilities and accountability in managing risks are clearly established, defined and communicated.

Recognising the importance of having risk management processes and practices, the Board has formalized a risk management framework to enable Management to identify, evaluate, control, monitor and report to the Board the principle business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

The Board has an overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with internal procedures and guidelines.

The size and complexity of the operations of the Company and the Group involve the management of a wide variety of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Company’s and the Group’s systems of internal controls are designed to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring.

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee during its periodic meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Company and the Group.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Company and the Group, is set out on pages 46 to 47 of this annual report.

In line with the MCCG 2012 and the Listing Requirements of Bursa, the Company outsourced its internal audit function to an independent professional firm to assess the adequacy and effectiveness of the Group’s governance, risk management and internal control systems. The internal audit function, which reports directly to the Audit Committee, is guided by professional standards promulgated by the Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The internal audit function is independent of the activities it audits and the scope of work covered by the internal audit during the financial period under review is provided in the Audit Committee Report section of this annual report.

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has adopted and formalized pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorize and responsible to approve and disclose material information to regulators, shareholders and stakeholders. To augment the process of disclosure, the Board has earmarked a section on the Company’s website, where information on the Company’s announcement to the regulators, the salient features of the Board Charter and the Company’s Annual Report may be accessed.

STATEMENT OF CORPORATE GOVERNANCE

Principle 8 – Strengthen relationship between the Company and its shareholders

(i) Shareholder participation at general meeting

The Annual General Meeting (“AGM”), which is the principal forum for shareholder dialogue, allows shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group’s operations in general. At the last AGM, a question & answer session was held where the Chairman of the meeting invited shareholders to raise questions with responses from the Board and Senior Management. The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM is announced to Bursa on the same meeting day.

(ii) Communication and engagement with shareholders and prospective investors

The Board recognizes the importance of being transparent and accountable to the Company’s shareholders and prospective investors. The various channels of communication are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meeting and access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. digista@digistar.com.my to which shareholders can direct their queries or concerns.

COMPLIANCE WITH CODE

The company has complied with the Malaysian Code on Corporate Governance and observed its best practices throughout the year.

This Statement is issued in accordance with a Board resolution dated 29 January 2016.

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Main Market Listing Requirement, the following information is provided:

1. STATUS OF UTILISATION OF PROCEEDS

A. RIGHT ISSUE WITH WARRANTS

On 4 December 2012, the Company announced to undertake a renounceable rights issue of up to 137,664,390 Rights Shares on the basis of two (2) Rights Shares for every five (5) existing Digistar Shares held, together with up to 103,248,292 free Warrants on the basis of three (3) free Warrants for every four (4) Rights Shares subscribed for, based on an entitlement date to be determined later.

On 1 April 2013, the Company had announced the results of the acceptance for the Rights Issue. As at the close of acceptance and payment for the Rights Issue with Warrants at 5.00 p.m. on 28 March 2013, the total acceptances and excess applications for the Rights Issue with Warrants were 135,961,938 Rights Shares, which represents an over-subscription of 37.75% over the total number of 98,699,136 Rights Shares available for subscription under the Rights Issue with Warrants. On 11 April 2013, the Company had announced that 98,699,136 Rights Shares and 74,024,334 Warrants issued pursuant to the Rights Issue with Warrants and 11,808,860 additional 2007/2017 warrants of Digistar ("Warrant(s) A") issued pursuant to the adjustments to the outstanding Warrants A as a consequence of the Rights Issue with Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Thursday, 11 April 2013, marking the completion of the Rights Issue with Warrants.

As of 30 September 2015, the Company has utilised the proceeds raised of RM19.74 million as follow:

Details of Utilisation	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Amount Unutilise RM'000
Business expansion	within 24 months	1,435	1,435	-
General working capital	within 24 months	15,517	15,517	-
Repayment of bank borrowings	within 6 months	2,200	2,200	-
Estimated expenses in relation to the corporate exercises	upon completion	587	587	-
		19,739	19,739	-

B. PRIVATE PLACEMENT

On 23 June 2014, Digistar proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of Digistar, at an issue price to be determined later. On 27 June 2014, Bursa has approved the listing of and quotation for up to 59,778,270 new ordinary shares of RM0.10 each in Digistar to be issued pursuant to the Propose Placement. The Proposed Private Placement was duly passed by Digistar's shareholders at the EGM on 9 January 2014.

On 23 October 2014, Digistar has fixed the issue price for the first tranche of Private Placement comprising 41,453,637 new ordinary shares of RM0.10 each in Digistar at RM0.22 per Placement Shares. The issue price of RM0.22 per Placement Share represents a discount of 8.52% to the five (5)-day weighted average market price of Digistar Shares up to and including 21 October 2014 of RM0.2405 per Digistar Shares.

On 4 November 2014, the 41,453,637 Placement Shares were granted listing quotation on the Main Market of Bursa Malaysia Securities Berhad and marking the completion of the Private Placement.

ADDITIONAL COMPLIANCE INFORMATION

As of 30 September 2015, the company has utilized the proceeds raised of RM9.12 million as follow:

Details of Utilisation	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Amount Unutilise RM'000
General working capital	within 24 months	8,890	8,890	-
Defraying of Expenses incidental to the placement	upon completion	230	45	185
		9,120	8,935	185

2. TREASURY SHARES

	The Group/ The Company			
	2015 NUMBER OF SHARES	2014 NUMBER OF SHARES	2015 RM	2014 RM
At 1 October 2014	7,372,808	7,372,808	3,248,747	3,248,747
Purchase during the financial year	-	-	-	-
At 30 September 2015	7,372,808	7,372,808	3,248,747	3,248,747

Of the total 463,412,818, (2014 – 421,909,181) issued and fully paid ordinary shares as at the end of the reporting period, 7,372,808 (2014 - 7,372,808) are held as treasury shares by the company. None of the treasury shares were cancelled during the financial year..

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no exercise of options, warrants or convertible securities during the financial year ended 30 September 2015.

4. DEPOSITORY RECEIPTS PROGRAMME

The Company did not sponsor any depository receipts programme during the financial year.

5. IMPOSITION OF SANCTIONS / PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

6. VARIATION OF RESULTS

The Company has prepared cash flow and profit projections for annual impairment of goodwill.

There was no significant variance between the profit after tax and minority interest for the financial year ended 30 September 2015 as per the audited financial statements and the unaudited results previously announced.

ADDITIONAL COMPLIANCE INFORMATION

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7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company has prepared cash flow and profit projections for annual impairment of goodwill.

8. PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial year.

9. MATERIAL CONTRACTS

There was no material contracts other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving the directors' and major shareholders' interests during the financial year.

10. REVALUATION POLICY ON LANDED PROPERTIES

The Company does not have any revaluation policy on landed properties.

11. NON-AUDIT FEES

There was RM33,075 of non-audit fees incurred by the Group during the financial year, in respect to the external auditors.

AUDIT COMMITTEE REPORT

The Board of Directors of Digistar Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 30 September 2015. The primary objective of the Audit Committee is to assist the Board to oversee the financial reporting and assess the Group's process relating to its risk and control environment. The Audit Committee is also responsible for evaluating the internal and external audit processes.

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

Chairman	Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan	(Independent Non-Executive Chairman)
Members	Dato' Haji Ishak Bin Haji Mohamed See Tai Soon	(Senior Independent Non-Executive Director) (Independent Non-Executive Director)

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee had been revised to be in line with the Malaysia Code on corporate Governance ("Code") and amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") for the Main Market ("MMLR"). The revised Terms of Reference of the Audit Committee are as follows:

(a) Composition of Audit Committee

The Audit Committee shall be appointed from amongst the Board of Directors and shall comprise at least three (3) members who are Non-Executive Directors, a majority of whom shall be independent directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or if he is not a member of the Malaysia Institute of Accountants, he must have at least 3 years' working experience and;

- (i) he/she must have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- (ii) he/she must be a member of the associations of accountants as specified in Part II of the 1st Schedule of the Accountant Act 1967; or
- (iii) fulfills such other requirements as prescribed or approved by the Bursa.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy must be filled within three (3) months.

(b) Chairman

The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.

(c) Secretary

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them the Committee Members.

(d) Meetings

The quorum for a meeting shall be two (2) members, provided that the majority of the members present at the meeting shall be independent directors.

AUDIT COMMITTEE REPORT

The internal and external auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit committee. The internal and external auditors may also request a meeting if they consider it necessary.

(e) Rights

The Audit Committee shall:

- (i) have explicit authority to investigate any matter within its terms of reference;
- (ii) have the resources which it needs to perform its duties;
- (iii) have full and unrestricted access to any information which it requires in the course of performing its duties;
- (iv) have unrestricted access to the chief executive officer and the chief financial officer;
- (v) have direct communication channels with the external and internal auditors;
- (vi) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
- (vii) the Chairman shall call for a meeting upon the request of the external auditors.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy must be filled within two (2) months, but in any case not later than three (3) months.

(f) Duties

The duties of the Audit Committee shall include a review of:

- (i) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties of disputes with Management encountered during the audit.
- (ii) To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.
- (iii) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- (iv) To review the internal audit programme and results of the internal audit process and whether or not appropriate action is taken on the recommendations of the internal auditors.
- (v) To review with management:
 - Audit reports and management letter issued by the external auditors and the implementation of audit recommendation;
 - Interim financial information; and
 - The assistance given by the officers of the Company to external auditors.
- (vi) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on arm's length basis and normal commercial terms and on terms not more favorable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company of the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

AUDIT COMMITTEE REPORT

- (vii) To review the quarterly report on consolidated results and annual financial statement prior to submission to the Board of Directors, focusing particularly on:
 - Changes in or implementation of major accounting policy and practices;
 - Significant and/ or unusual matters arising from the audit;
 - The going concern assumption;
 - Compliance with accounting standards and other legal requirements; and
 - Major areas.
- (viii) To consider the appointment and/ or re-appointment of internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person of person as auditors.
- (ix) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.

3. MEETINGS

There were four (4) Audit Committee meeting held during the financial year ended 30 September 2015, the details of the attendance are as follows:

Directors	Attendance
Tan Sri Datuk Mohd Zaman Khan @ Hassan Bin Rahim Khan (Independent Non-Executive Chairman)	3/4
Dato' Haji Ishak Bin Haji Mohamed (Senior Independent Non-Executive Director)	4/4
See Tai Soon (Independent Non-Executive Director)	4/4

4. SUMMARY OF ACTIVITIES

During the financial year ended 30 September 2015, the Audit Committee met with the external auditor twice to discuss any matters without the presence of the executive board members of the Company.

The Accountant, Internal Auditors, External Auditors and other Board Members have attended the audit committee meeting during the year as and when they were invited.

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the year ended 30 September 2015 in the discharge of its functions and duties, including the deliberation and review of:

- (a) the unaudited quarterly financial statement of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to the submission to the Board for their approval and release of the Group's results to Bursa.
- (b) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.
- (c) the external auditors' report in relation to audit and accounting issues arising from the audit; matters arising from audit of the Group in meeting with the external auditors without the presence of the executive Board members and management.
- (d) the new development and updates on Financial Reporting Standards issued by the Malaysia Accounting Standards Board and their impact on the Group.
- (e) the Audit Committee report and Statement on Internal Control for compliance with the Code and MMLR before recommending to the Board for approval.
- (f) the audited financial statements of the Group and the Company prior to submission on the Board of Directors for consideration and approval.

AUDIT COMMITTEE REPORT

- (g) the related party transactions and potential conflict of interest situation that may have arisen within the Company or Group.
- (h) the external audit fees for the financial year ended 30 September 2015 and recommended the same for the approval of the Board of Directors.
- (i) the re-appointment of the external auditors with the consultation of the management and recommendation to the Board of Directors for approval.

5. INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent consulting firm. In order to act independently from the management, the independent consulting firm will report directly to the Audit Committee and assist the Board in monitoring and reviewing the effectiveness of the risk management internal control and governance processes within the Group. The scope of the internal audit function covers the audits of all units and operations of the Group.

During the financial year ended 30 September 2015, the internal auditors had conducted risk management assessment in relation to Digistar Group's operations.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 30 September 2015 was RM14,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) requires that a listed corporation establish an internal audit function which is independent of the activities it audits and reports to the Audit Committee directly. This is to ensure that all practical control mechanisms are present to safeguard the shareholders’ investments and the Group’s assets.

The Board of Directors of Digistar Corporation Berhad is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

In accordance with the Malaysian Code on Corporate Governance 2012, one (1) of the six (6) principal responsibilities expected of the Board is to review, amongst others, the adequacy and integrity of the internal control mechanism including system for compliance with the applicable law and legal requirements.

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders’ investment and the Group’s assets. The Board acknowledges that it is responsible for the Group’s system of internal control and risk management for the continuing review of its adequacy, effectiveness and integrity. Additionally, the Managing Director and Accountant have given assurance to the Board that the Group’s risk management and internal control systems are operating adequately and effectively to meet the Group’s objectives.

The internal control system is designed to cater for the Group’s needs and to manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises its responsibilities with regard to identifying and managing principal risks.

The Group has formalised the Group’s risk management framework in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group has been compiled to help the Board and senior management to prioritise their focus on areas of high risk.

The senior management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies. Significant risk matters are brought to the attention of the Executive Directors, and if necessary, are also discussed at Board meetings.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced the internal audit function to an independent consulting firm, Finfield Corporate Services Sdn Bhd, to provide the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group’s systems of internal control.

Internal audit assignments were carried out during the financial year under review based on a risk-based audit approach. The internal auditors reported their audit findings and recommendations to the Audit Committee members during Audit Committee meetings.

In the year under review, the following reviews on Digistar Group’s operations were undertaken by the internal auditors:

- Central monitoring system
 - Revenue management
 - Accounts receivable
- Hotel development project
- Hotel operation controls

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The findings arising from the above reviews have been reported to the management for their response and subsequently for the Audit Committee deliberation. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- i) An organisation structure with clearly define lines of responsibility, authority and accountability;
- ii) Regular Board and management meetings are held where information is provided to the Board and management covering financial performances and operations;
- iii) Regular training and development programs are attended by employees with the objective of enhancing their knowledge and competency; and
- iv) Management accounts and reports are prepared regularly for the monitoring of operational and financial performances.

The internal control system will continue to be reviewed, added on or updated in line with the changes in the Group's operating environment.

CONTROL WEAKNESS

The management continues to take measures to strengthen the control environment. In the year under review, there were no material losses, incurred as a result of weakness in the internal controls that would require disclosure in this annual report.

CONCLUSION

Based on inquiry, information and assurance provided by the Managing Director and the Accountant, the Board is of the opinion that the systems of risk management and internal control were been in place for the year under review and up to the date of approval of Statement on Risk Management and Internal Control for inclusion in the annual report, was generally satisfactory and adequate for its purpose. There will be continual focus on measures to protect and enhance shareholders' value and business sustainability.

This statement was approved by the board of director on 29 January 2016.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

STATEMENT OF DIRECTORS'S RESPONSIBILITIES

The Directors of the Company are required to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs and results of the Company and the Group.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 30 September 2015 and the financial performance and cash flows of the Company and the Group for the financial year ended on that date.

In preparing the financial statements for the financial year ended 30 September 2015, the Directors have:

- (a) adopted the relevant and appropriate accounting policies consistently;
- (b) made judgments and estimates that are reasonable and prudent;
- (c) adopted applicable accounting standards, subjects to any material departures, if any, which will be disclosed and explained in the financial statements; and
- (d) prepared the financial statements on the assumption that the Company and the Group will operate as going concern.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

FINANCIAL STATEMENT

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DIRECTOR'S REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(25,772,600)	(275,345)
Attributable to:-		
Owners of the Company	(16,756,307)	(275,345)
Non-controlling interest	(9,016,293)	-
	(25,772,600)	(275,345)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised share capital;
- (b) the Company increased its issued and paid-up share capital from RM42,190,918 to RM46,341,282 by
 - (i) the issuance of 41,453,637 new ordinary shares of RM0.10 each at an issue price of RM0.22 per share for the purpose of working capital. The shares were issued for cash consideration.; and
 - (ii) the issuance of 50,000 new ordinary shares of RM0.10 each from the exercise of Warrants 2007/2017 at the exercise price of RM0.13 each in accordance with the Deed Poll dated 5 December 2006. The shares were issued for cash consideration.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and

- (c) there were no issues of debentures by the Company.

DIRECTOR'S REPORT

TREASURY SHARES

During the financial year, the Company held as treasury shares a total of 7,372,808 of its 463,412,818 issued and fully paid-up ordinary shares, at a carrying amount of RM3,248,747. None of the treasury shares held were cancelled or resold during the financial year.

The details of the treasury shares are disclosed in Note 21 to the financial statements.

WARRANTS 2007/2017

At the end of the reporting period, the Company had 101,799,185 Warrants 2007/2017 in issue. The salient features of Warrants 2007/2017 as constituted in the Deed Poll dated 5 December 2006 are as follows:-

Terms	Details
Exercise Period	The Warrants shall be exercisable at any time within the period commencing from the date of issue of the Warrants and will be expiring on 7 February 2017. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	RM0.13 payable in full upon the exercise of each Warrant.
Exercise Rights	Each Warrant entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the Exercise Price at any time during the Exercise Period.
Mode of Exercise	The registered holder of the Warrants shall pay cash for the Exercise Price when subscribing for the new ordinary shares in the Company.
Listing	Approval in principle from Bursa Malaysia Securities Berhad ("Bursa Securities") was obtained on 8 December 2006 for admission of the Warrants to the Official List as well as the listing of the new ordinary shares arising from the exercise of the Warrants.
Board Lots	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 warrants carrying the right to subscribe for 100 new ordinary shares of the Company.
Ranking of the new ordinary shares to be issued pursuant to the exercise of the warrants	The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up ordinary shares of the Company, save and except that they will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new ordinary shares to be issued pursuant to the exercise of the Warrants.

50,000 of the Warrants 2007/2017 in issue were exercised during the financial year.

DIRECTOR'S REPORT

WARRANTS 2013/2023

At the end of the reporting period, the Company had 74,024,334 Warrants 2013/2023 in issue. The salient features of Warrants 2013/2023 as constituted in the Deed Poll dated 4 March 2013 are as follows:-

Terms	Details
Exercise Period	The Warrants shall be exercisable at any time within the period commencing from the date of issue of the Warrants and will be expiring on 4 April 2023. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	RM0.26 payable in full upon the exercise of each Warrant.
Exercise Rights	Each Warrant entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the Exercise Price at any time during the Exercise Period.
Mode of Exercise	The registered holder of the Warrants shall pay cash for the Exercise Price when subscribing for the new ordinary shares in the Company.
Listing	Approval in principle from Bursa Malaysia Securities Berhad ("Bursa Securities") was obtained on 11 April 2013 for admission of the Warrants to the Official List as well as the listing of the new ordinary shares arising from the exercise of the Warrants.
Board Lots	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 warrants carrying the right to subscribe for 100 new ordinary shares of the Company.
Ranking of the new ordinary shares to be issued pursuant to the exercise of the warrants	The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up ordinary shares of the Company, save and except that they will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new ordinary shares to be issued pursuant to the exercise of the Warrants.

None of the Warrants 2013/2023 in issue was exercised during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTOR'S REPORT

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Company are disclosed in Note 44 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

MEJAR (K) DATUK WIRA LEE WAH CHONG
DATO' HAJI ISHAK BIN HAJI MOHAMED
LEE MELY
TAN SRI DATUK MOHD ZAMAN KHAN @ HASSAN B RAHIM KHAN
LEE JIN JEAN
SEE TAI SOON
LEE CHUN SZEN (APPOINTED ON 10.4.2015)
ONG FEE CHONG (RESIGNED ON 10.2.2015)

DIRECTOR'S REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.10.2014	Bought	Sold	At 30.9.2015
Direct Interests				
MEJAR (K) DATUK WIRA LEE WAH CHONG	32,754,149	10,825,200	-	43,579,349
LEE JIN JEAN	-	328,571	-	328,571
LEE CHUN SZEN	-	328,571	-	328,571
Indirect Interest				
MEJAR (K) DATUK WIRA LEE WAH CHONG ^{(1), (2)}	71,528,873	-	(657,142)	70,871,731

	Number Of Warrants 2013/2023			
	At 1.10.2014	Allotted	Sold	At 30.9.2015
Direct Interest				
MEJAR (K) DATUK WIRA LEE WAH CHONG	4,783,981	-	-	4,783,981
Indirect Interest				
MEJAR (K) DATUK WIRA LEE WAH CHONG ^{(1), (2)}	13,605,186	-	-	13,605,186

⁽¹⁾ Deemed interested by virtue of his shareholding in LWC Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.

⁽²⁾ Deemed interested by virtue of his spouse shareholding pursuant to Section 134(12)(C) of the Companies Act, 1965.

By virtue of his interest in shares in the Company, Mejar (K) Datuk Wira Lee Wah Chong is deemed to have interests in the shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interests in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTOR'S REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 29 January 2016.

Mejar (K) Datuk Wira Lee Wah Chong

Lee Mely

STATEMENT BY DIRECTORS

We, Mejar (K) Datuk Wira Lee Wah Chong and Lee Mely, being two of the directors of Digistar Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 59 to 135 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30 September 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 29 January 2016.

Mejar (K) Datuk Wira Lee Wah Chong

Lee Mely

STATUTORY DECLARATION

I, Chay Ching Keong, I/C No. 650917-06-5055, being the officer primarily responsible for the financial management of Digistar Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 135 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Chay Ching Keong, I/C No. 650917-06-5055
at Kuala Lumpur in the Federal Territory on
this 29 January 2016.

Chay Ching Keong

Before me
Datin Hajah Raihela Wanchik (No. W275)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Digistar Corporation Berhad, which comprise the statements of financial position as at 30 September 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 135.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD

Other Reporting Responsibilities

The supplementary information set out in Note 47 on page 136 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

29 January 2016

Kuala Lumpur

Chua Wai Hong
Approval No: 2974/09/17 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2015

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	34,890,333	34,690,331
Investment in an associate	6	660,019	-	-	-
Property, plant and equipment	7	8,805,503	8,096,341	-	-
Investment property	8	10,788,247	10,340,149	-	-
Goodwill	9	-	1,514,295	-	-
Intangible asset	10	4,020,495	5,002,401	-	-
Deferred tax assets	11	477,766	590,689	-	-
		24,752,030	25,543,875	34,890,333	34,690,331
CURRENT ASSETS					
Inventories held for resale	12	59,507,580	3,388,640	-	-
Property development costs	13	-	37,567,410	-	-
Accrued billings	13	-	2,889,204	-	-
Trade receivables	14	20,944,495	23,529,844	-	-
Other receivables, deposits and prepayments	15	12,613,309	7,739,964	54,546	8,744
Amounts owing by contract customers	16	120,746,196	36,153,451	-	-
Amounts owing by subsidiaries	17	-	-	113,795,659	63,733,395
Amount owing by an associate	18	1,668,221	-	-	-
Tax refundable		849,625	-	109,300	109,300
Fixed deposits with licensed banks	19	123,926,311	199,295,462	-	-
Cash and bank balances		22,226,156	32,245,113	480,602	404,669
		362,481,893	342,809,088	114,440,107	64,256,108
TOTAL ASSETS		387,233,923	368,352,963	149,330,440	98,946,439

STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2015

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	46,341,282	42,190,918	46,341,282	42,190,918
Treasury shares	21	(3,248,747)	(3,248,747)	(3,248,747)	(3,248,747)
Reserves	22	23,243,589	35,721,445	43,178,881	38,576,570
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY					
		66,336,124	74,663,616	86,271,416	77,518,741
Non-controlling interest		(15,013,686)	(6,054,965)	-	-
TOTAL EQUITY		51,322,438	68,608,651	86,271,416	77,518,741
NON-CURRENT LIABILITY					
Hire purchase payables	23	1,479,301	1,378,751	-	-
Bonds	24	262,662,349	259,094,861	-	-
Term loan	25	14,029,558	-	-	-
Deferred tax liabilities	11	710,139	-	-	-
		278,881,347	260,473,612	-	-
CURRENT LIABILITIES					
Trade payables	26	25,161,890	14,362,080	-	-
Other payables, deposits received and accruals	27	22,607,927	7,782,847	89,511	85,790
Amounts owing to contract customers	16	6,820,716	7,537,599	-	-
Amounts owing to subsidiaries	17	-	-	62,956,160	21,328,555
Amount owing to a related party	28	13,353	13,798	13,353	13,353
Provision for taxation		606,699	1,825,823	-	-
Hire purchase payables	23	621,150	677,111	-	-
Term loan	25	-	103,125	-	-
Bankers' acceptances	29	-	6,086,000	-	-
Bank overdrafts	30	1,198,403	882,317	-	-
		57,030,138	39,270,700	63,059,024	21,427,698
TOTAL LIABILITIES					
		335,911,485	299,744,312	63,059,024	21,427,698
TOTAL EQUITY AND LIABILITIES					
		387,233,923	368,352,963	149,330,440	98,946,439
NET ASSETS PER ORDINARY SHARE					
	31	15sen	18sen		

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
REVENUE	32	133,922,841	109,710,473	-	400,000
COST OF SALES		(117,882,007)	(81,355,279)	-	-
GROSS PROFIT		16,040,834	28,355,194	-	400,000
OTHER INCOME		20,797,902	10,609,884	256,404	-
		36,838,736	38,965,078	256,404	400,000
ADMINISTRATIVE EXPENSES		(29,248,616)	(19,758,372)	(531,479)	(351,936)
MARKETING EXPENSES		(2,249,017)	(2,492,343)	-	-
OTHER EXPENSES		(10,854,379)	(8,896,345)	-	(1,583,409)
FINANCE COSTS		(19,349,837)	(19,165,750)	(270)	(264)
		(61,701,849)	(50,312,810)	(531,749)	(1,935,609)
SHARE OF RESULT IN ASSOCIATE		398,883	-	-	-
LOSS BEFORE TAXATION	33	(24,464,230)	(11,347,732)	(275,345)	(1,535,609)
INCOME TAX EXPENSE	34	(1,308,370)	(2,428,588)	-	98,000
LOSS AFTER TAXATION		(25,772,600)	(13,776,320)	(275,345)	(1,437,609)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(25,772,600)	(13,776,320)	(275,345)	(1,437,609)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	Note	The Group		The Company	
		2015	2014	2015	2014
		RM	RM	RM	RM
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(16,756,307)	(5,648,196)	(275,345)	(1,437,609)
Non-controlling interest		(9,016,293)	(8,128,124)	-	-
		<u>(25,772,600)</u>	<u>(13,776,320)</u>	<u>(275,345)</u>	<u>(1,437,609)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(16,756,307)	(5,648,196)	(275,345)	(1,437,609)
Non-controlling interest		(9,016,293)	(8,128,124)	-	-
		<u>(25,772,600)</u>	<u>(13,776,320)</u>	<u>(275,345)</u>	<u>(1,437,609)</u>
Loss per ordinary share	35				
- basic		(3.71)sen	(1.46) sen		
- diluted		<u>(5.42)sen</u>	<u>(1.40) sen</u>		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

The Group	Note	Share Capital	Non-Distributable Reserve				Distributable Reserve		Non-controlling Interest	Total Equity
		RM	Share Premium	Warrants Reserve	Treasury Shares	Retained Profits	RM	RM		
			RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.10.2013		35,281,979	16,633,521	6,507,551	(3,248,747)	10,514,870	65,689,174	2,413,633		68,102,807
Contributions by owners of the Company:										
- Issuance of shares	20 & 22(a)	6,908,939	7,945,280	-	-	-	14,854,219	-		14,854,219
- Share issuance expenses	22(a)	-	(231,581)	-	-	-	(231,581)	-		(231,581)
- Acquisition of a subsidiary	36	-	-	-	-	-	-	(340,474)		(340,474)
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(5,648,196)	(5,648,196)	(8,128,124)		(13,776,320)
Balance at 30.9.2014/1.10.2014		42,190,918	24,347,220	6,507,551	(3,248,747)	4,866,674	74,663,616	(6,054,965)		68,608,651
Contributions by owners of the Company:										
- Issuance of shares	20 & 22(a)	4,145,364	4,974,436	-	-	-	9,119,800	-		9,119,800
- Issuance of shares upon exercise of warrants		5,000	1,747	(247)	-	-	6,500	-		6,500
- Share issuance expenses	22(a)	-	(98,280)	-	-	-	(98,280)	-		(98,280)
- Acquisition of subsidiaries	36	-	-	-	-	-	-	58,367		58,367
- Acquisition of additional shares in a subsidiary from non-controlling interests		-	-	-	-	(599,205)	(599,205)	(795)		(600,000)
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(16,756,307)	(16,756,307)	(9,016,293)		(25,772,600)
Balance at 30.9.2015		46,341,282	29,225,123	6,507,304	(3,248,747)	(12,488,838)	66,336,124	(15,013,686)		51,322,438

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

The Company	Note	Share Capital	Non-Distributable Reserve			Distributable Reserve			Total
		RM	Share Premium	Warrants Reserve	Treasury Shares	Retained Profits	RM	RM	
Contributions by owners of the Company:									
Balance at 1.10.2013		35,281,979	16,633,521	6,507,551	(3,248,747)	9,159,408	64,333,712		
- Issuance of shares	20 & 22(a)	6,908,939	7,945,280	-	-	-	14,854,219		
- Share issuance expenses	22(a)	-	(231,581)	-	-	-	(231,581)		
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(1,437,609)	(1,437,609)		
Contributions by owners of the Company:									
Balance at 30.9.2014/1.10.2014		42,190,918	24,347,220	6,507,551	(3,248,747)	7,721,799	77,518,741		
- Issuance of shares	20 & 22(a)	4,145,364	4,974,436	-	-	-	9,119,800		
- Issuance of share upon exercise of warrants		5,000	1,747	(247)	-	-	6,500		
- Share issuance expenses	22(a)	-	(98,280)	-	-	-	(98,280)		
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(275,345)	(275,345)		
Balance at 30.9.2015		46,341,282	29,225,123	6,507,304	(3,248,747)	7,446,454	86,271,416		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

	The Group		The Company	
	2015	2014	2015	2014
Note	RM	RM	RM	RM
CASH FLOWS FOR OPERATING ACTIVITIES				
Loss before taxation	(24,464,230)	(11,347,732)	(275,345)	(1,535,609)
Adjustments for:-				
Amortisation of intangible asset	450,914	42,036	-	-
Amortisation of investment properties	156,841	160,651	-	-
Depreciation of property, plant and equipment	1,911,285	1,930,850	-	-
Impairment losses on:				
- receivables	4,807,829	6,570,763	-	-
- investment in subsidiaries	-	-	-	1,583,409
- goodwill	1,514,295	-	-	-
Interest expense	18,046,694	19,058,252	-	-
Goodwill written off	197,168	-	-	-
Intangible assets written off	530,992	-	-	-
Property, plant and equipment written off	11,250	175,863	-	-
Accretion of payables	565,956	(502,891)	-	-
Accretion of receivables	(431,587)	(37,342)	-	-
Dividend income	-	-	-	(400,000)
Gain on disposal of property, plant and equipment	(84,311)	(141,729)	-	-
Interest income	(7,733,213)	(8,844,496)	-	-
Reversal of impairment loss on property, plant and equipment	-	(279,597)	-	-
Share of results from an associate	(398,883)	-	-	-
Write-back of impairment losses on				
- receivables	(1,675,710)	(628,966)	-	-
- subsidiaries	-	-	(180,907)	-
Operating (loss)/profit before working capital changes	(6,594,710)	6,155,662	(456,252)	(352,200)
Increase in inventories	(56,118,940)	(1,569,202)	-	-
Decrease/(Increase) in property development costs	37,567,410	(34,849,389)	-	-
Net decrease in amount owing to contract customers	(85,309,628)	(16,568,803)	-	-
Increase in trade and other receivables	(3,774,458)	(18,219,170)	(45,802)	-
Increase/(Decrease) in trade and other payables	25,036,360	15,756,092	3,721	(35,625)
Increase/(Decrease) in progress billings	2,889,204	(345,768)	-	-
CASH FLOWS FOR OPERATIONS	(86,304,762)	(49,640,578)	(498,333)	(387,825)
Interest paid	(14,479,206)	(19,058,252)	-	-
Tax refund/(paid)	(2,550,191)	2,539,648	-	224,844
NET CASH FOR OPERATING ACTIVITIES	(103,334,159)	(66,159,182)	(498,333)	(162,981)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Subscription of additional investment in a subsidiary		-	-	-	(707,388)
Dividend received		-	-	-	400,000
Net cash outflow for acquisition of subsidiaries	36	(235,585)	(3,588,849)	(200,002)	-
Interest received		7,733,213	8,844,496	-	-
Purchase of investment properties		(649,939)	(2,226,175)	-	-
Purchase of property, plant and equipment	37	(1,869,269)	(1,969,761)	-	-
Purchase of investment in associate		(290,000)	-	-	-
Proceeds from disposal of property, plant and equipment		207,119	208,547	-	-
Advances to associate		(1,639,357)	-	-	-
Advances to subsidiaries		-	-	(49,881,357)	(14,005,132)
Acquisition of additional shares in a subsidiary from non-controlling interests		(600,000)	-	-	-
Changing of deposit with maturity period more than three months to less than three months	38	57,382,569	124,215,052	-	-
Placement of fixed deposit pledged with licensed bank	38	(16,593,182)	(1,141,883)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		43,445,569	124,341,427	(50,081,359)	(14,312,520)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		9,119,800	14,854,219	9,119,800	14,854,219
Drawdown of term loans		25,500,000	7,500,000	-	-
Repayment of term loans		(11,573,567)	(7,396,875)	-	-
Repayment of hire purchase obligations		(779,511)	(760,421)	-	-
Advances from subsidiaries		-	-	41,627,605	-
Repayment to related parties		(1,115,159)	(1,192)	-	-
Share issuance expenses		(98,280)	(231,581)	(98,280)	(231,581)
Net (repayment)/drawdown of bills payable		(6,086,000)	5,643,000	-	-
Proceeds from issuance of shares upon exercise of warrant		6,500	-	6,500	-
NET CASH FROM FINANCING ACTIVITIES		14,973,783	19,607,150	50,655,625	14,622,638
NET INCREASE IN CASH AND CASH EQUIVALENTS		(44,914,807)	77,789,395	75,933	147,137
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		137,463,975	59,674,580	404,669	257,532
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	92,549,168	137,463,975	480,602	404,669

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Principal place of business : B5/5/5, 4th Floor, One Ampang Business Avenue,
Jalan Ampang Utama 1/2, 68000 Ampang,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 January 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 119: Defined Benefit Plans – Employee Contributions

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to FRSs 2010 - 2012 Cycle

Annual Improvements to FRSs 2011 - 2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

- 3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 30 September 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual value of its property, plant and equipment will be insignificant. As a result, the residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(e) Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(g) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(i) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(j) Property Development

The Group recognised property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by surveys of work performed.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations from 1 October 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 October 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 October 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL (CONT'D)

Business combinations from 1 October 2011 onwards (Contd)

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 October 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 30 September 2015. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period of 90 years
Office lot, shophouse and office units	2%
Computers and printers	25%
Site office cabins	20%
Plant and machinery	20%
Furniture and fittings	20%
Office equipment	20%
Renovation	20%
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits are embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of each reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(c) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4.10 ASSETS UNDER HIRE PURCHASE

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the profit or loss over the period of the respective hire purchase agreements.

4.11 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 4.8 to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the profit or loss.

4.12 INTANGIBLE ASSETS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. The Group assesses the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INTANGIBLE ASSETS (CONT'D)

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The useful life of the intangible asset of the Group is 10 years.

4.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidental expenses incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale. Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

4.14 PROPERTY DEVELOPMENT COSTS

(a) Non-Current Property Development

Non-current property development costs consist of land and development costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less any accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Non-current property development costs are transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Current Property Development

Current property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion of development activities at the end of the reporting period. The stage of completion is determined based on survey of work performed.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 PROGRESS BILLINGS/ACCRUED BILLINGS

In respect of progress billings:-

- (i) where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and
- (ii) where billings to purchasers exceed the revenue recognised in profit or loss, the balance is shown as progress billings under current liabilities.

4.16 AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

4.17 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of development properties, property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The effective interest expense accrued arising from the loan/bond obtained to finance the concession arrangement is recognised in profit or loss based on the effective interest method.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4.18 INCOME TAXES

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 INCOME TAXES (CONT'D)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.20 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.21 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent liability or contingent asset is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision or as an asset.

4.23 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.24 CONCESSION ARRANGEMENT

The Group has concession arrangement with the Government of Malaysia ("the grantor") to design, develop, construct and complete the Facilities and Infrastructure for Jabatan Kerja Raya ("JKR") Training Institute ("concession asset") and to carry out the Asset Management Services for a concession period of 18 years and transfer the concession asset to the grantor at the end of concession periods. Such concession arrangements fall within the scope of IC Interpretation 12, Services Concession Arrangement. Under IC 12, the revenue is recognised based on Note 4.25(a) and Note 4.25(f).

4.25 REVENUE RECOGNITION

(a) Contract Revenue

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 REVENUE RECOGNITION (CONT'D)

(a) Contract Revenue (Cont'd)

The stage of completion is determined based on the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs. The change is based on a review and re-assessment performed by the directors and management over the nature of the transactions involved. The directors and management are of the view that the change is more relevant and reliable to reflect the economic substance of the transactions involved.

(b) Sale of Goods and Services

Revenue is recognised upon delivery of goods and customers' acceptance or performance of services.

(c) Rental Income

Rental income is recognised on an accrual basis.

(d) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(e) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(f) Annual Lease Payment Fee Received

Annual lease payment fee received is recognised based on a monthly fixed fee and recognised when earned over the term of the concession.

(g) Government Grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate for.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the expected life of the related asset.

4.26 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 RM	2014 RM
Unquoted shares, at cost		
At 1 October 2014/2013	36,273,740	20,806,206
Addition	-	15,467,532
Acquisition	200,002	2
At 30 September 2015/2014	36,473,742	36,273,740
Accumulated impairment losses:-		
At 1 October 2014/2013	(1,583,409)	-
Addition during the financial year	-	(1,583,409)
At 30 September	(1,583,409)	(1,583,409)
	34,890,333	34,690,331

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Equity Interest		Principal Activities
	2015	2014	
Digistar Holdings Sdn. Bhd.	100%	100%	Design, supply, installation and integration of information technology infrastructure, teleconferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems.
Digistar Properties Sdn. Bhd. *	100%	100%	Renting, maintaining and upkeep of properties.
Digistar Rauland MSC Sdn. Bhd.	80%	80%	Health television operator.
Rauland Asia Sdn. Bhd.	100%	100%	Designing, supplying, installation and integration of security monitoring systems.
Nielsen Ward Sdn. Bhd.	100%	100%	Ceased operations.
Seni Pujaan Sdn. Bhd.	100%	100%	Property development and hotel operator.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows (Cont'd):-

Name of Company	Equity Interest		Principal Activities
	2015	2014	
Matang Makmur Holdings Sdn. Bhd.	100%	100%	Investment holding.
Indera Persada Sdn. Bhd. ^ @	40%	40%	Undertake the construction and provide asset management services for the concession asset.
Digistar Construction (M) Sdn. Bhd.	100%	100%	Construction.
Protecs A&A CMS Sdn. Bhd. *	80%	70%	Central monitoring security services and trading of security equipment.
Sakura Management Sdn. Bhd. #	100%	-	Property management
Mulia Optima Sdn. Bhd. #	100%	-	Dormant.
Wemal-Maxi Protect Sdn. Bhd. * #	51%	-	Provision of security central monitoring services.

* Subsidiary held through Digistar Holdings Sdn. Bhd.

^ Subsidiary held through Matang Makmur Holdings Sdn. Bhd.

Subsidiary acquired during the financial year.

@ Although the Group owns less than half of the voting power in Indera Persada Sdn. Bhd., it has the power to appoint and remove the majority of the board of directors of the company based on the contractual arrangements between the Group and the other investors. Hence, the Group has control over the financial and operating policies of the company and therefore, the Group consolidates its investment in the company.

(a) In the previous financial year, an impairment loss of RM1,583,409 was recognised as the recoverable amount of the investment in subsidiary was lower than the carrying amount which resulted from the continuing losses of the subsidiary and the amount was included in "Other expenses" line item of the statements of profit or loss and other comprehensive income for the financial year ended 30 September 2014.

(b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2015	2014	2015	2014
	%	%	RM	RM
Indera Persada Sdn. Bhd.	40	40	(14,436,525)	(5,247,778)
Other individually immaterial subsidiaries			(577,161)	(807,187)
			<u>(15,013,686)</u>	<u>(6,054,965)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Indera Persada Sdn. Bhd.	
	2015	2014
	RM	RM
<u>At 30 September 2015/2014</u>		
Current assets	286,888,161	261,700,875
Non-current liabilities	(267,416,324)	(263,397,431)
Current liabilities	(43,532,712)	(7,049,741)
Net assets	(24,060,875)	(8,746,297)
<u>Financial year ended 30 September 2015/2014</u>		
Revenue	84,219,116	48,447,856
Loss for the financial year	(15,314,578)	(13,680,007)
Total comprehensive expenses	(15,314,578)	(13,680,007)
Total comprehensive expenses attributable to non-controlling interests	(9,188,747)	(8,208,004)
Net cash flows for operating activities	(141,741,678)	(66,309,899)
Net cash flows from/(for) investing activities	63,068,835	(81,857,102)
Net cash flows from financing activities	41,332,593	8,910,885

6. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 October 2014/2013	-	-	-	-
Addition	290,000	-	-	-
At 30 September 2015/2014	290,000	-	-	-
Share of post-acquisition profit	370,019	-	-	-
	660,019	-	-	-

The details of the associate are as follows:-

Name of Company	Equity Interest		Principal Activities
	2015	2014	
Tiara Vision Sdn. Bhd.	30%	-	Selling and installing electronics and broadcasting equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

6. INVESTMENT IN ASSOCIATE (CONT'D)

- (a) The Group recognised its share of results in Tiara Vision Sdn. Bhd. based on the unaudited financial statements drawn up to the financial year ended 30 September 2015.
- (b) The summarised unaudited financial information (after any fair value adjustment at acquisition date and the alignment of the Group's accounting policies) for the associate that is material to the Group is as follows:-

	Tiara Vision Sdn. Bhd. RM
<u>At 30 September 2015</u>	
Non-current assets	75,628
Current assets	4,324,583
Current liabilities	(2,543,082)
Net assets	<u>1,857,129</u>
<u>Financial year ended 30 September 2015</u>	
Revenue	6,274,590
Profit for the financial year	1,329,611
Total comprehensive income	<u>1,329,611</u>
Group's share of profit for the financial year	398,883
Group's share of other comprehensive income	<u>-</u>
<u>Reconciliation of net assets to carrying amount</u>	
Group's share of net assets above	557,139
Goodwill	131,744
Elimination of unrealised profits	(28,864)
Carrying amount of the Group's interests in this associate	<u>660,019</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

7. PROPERTY, PLANT AND EQUIPMENT

	Reclassification		Additions		Acquisition of		Disposals	Writeoffs	Depreciation	At 30.9.2015
	At 1.10.2014	(Note 8)	RM	RM	Assets (Note 36)	RM	RM	RM	Charge	RM
The Group	RM									
Net Book Value										
Office lot, shophouse and office units	3,090,941	45,000	-	-	-	-	-	-	(82,698)	3,053,243
Computers and printers	724,598	-	470,927	240	240	-	-	-	(326,957)	868,808
Site office cabins, plant and machinery, furniture and fittings	153,017	-	235,451	7,096	7,096	-	-	-	(83,096)	312,468
Office equipment and renovation	1,440,680	-	569,876	8,800	8,800	-	(5,333)	(537,767)		1,476,256
Motor vehicles	2,681,188	-	1,162,386	-	-	(122,808)	-	(880,767)		2,839,999
Capital work-in-progress	5,917	-	254,729	-	-	-	(5,917)	-		254,729
	8,096,341	45,000	2,693,369	16,136	16,136	(122,808)	(11,250)	(1,911,285)		8,805,503

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Reclassification (Note 8)		Additions		Acquisition of Subsidiary's Assets (Note 36)		Disposals		Writeoffs		Reversal of Impairment		Depreciation Charge		At 30.9.2014	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
The Group																
Net Book Value																
Office lot, shophouse and office units	2,054,085	1,111,854	-	-	-	-	-	-	-	-	-	-	(74,998)	-	3,090,941	
Leasehold land	1,318,314	(1,318,314)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Computers and printers	389,790	-	571,558	8,603	8,603	-	-	-	-	-	-	-	(245,353)	-	724,598	
Site office cabins, plant and machinery, furniture and fittings	156,362	-	51,256	3,703	3,703	-	-	-	-	-	-	-	(58,304)	-	153,017	
Office equipment and renovation	1,136,113	61,487	721,378	103,343	103,343	(1,488)	(1,488)	(70,603)	218,607	(728,157)	-	-	-	-	1,440,680	
Motor vehicles	1,550,313	-	1,951,799	68,435	68,435	(65,321)	(65,321)	-	-	(824,038)	-	-	-	-	2,681,188	
Capital work-in-progress	5,426	-	44,770	-	-	(9)	(9)	(105,260)	60,990	-	-	-	-	-	5,917	
	6,610,403	(144,973)	3,340,761	184,084	184,084	(66,818)	(66,818)	(175,863)	279,597	(1,930,850)	-	-	-	-	8,096,341	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost	Accumulated Impairment	Accumulated Depreciation	Net Book Value
	RM	RM	RM	RM
The Group				
At 30.9.2015				
Office lot, shophouse and office units	4,179,894	-	(1,126,651)	3,053,243
Computers and printers	2,336,771	-	(1,467,963)	868,808
Site office cabins, plant and machinery, furniture and fittings	962,164	-	(649,696)	312,468
Office equipment and renovation	8,521,076	(865,346)	(6,179,474)	1,476,256
Motor vehicles	5,018,405	-	(2,178,406)	2,839,999
Capital work-in-progress	1,253,649	(998,920)	-	254,729
	22,271,959	(1,864,266)	(11,602,190)	8,805,503
At 30.9.2014				
Office lot, shophouse and office units	4,134,894	-	(1,043,953)	3,090,941
Computers and printers	1,865,604	-	(1,141,006)	724,598
Site office cabins, plant and machinery, furniture and fittings	719,617	-	(566,600)	153,017
Office equipment and renovation	8,146,387	(865,346)	(5,840,361)	1,440,680
Motor vehicles	5,295,644	-	(2,614,456)	2,681,188
Capital work-in-progress	1,004,837	(998,920)	-	5,917
	21,166,983	(1,864,266)	(11,206,376)	8,096,341

Included in property, plant and equipment of the Group are motor vehicles with a total net book value of RM2,245,813 (2014 - RM2,103,925) acquired under hire purchase terms.

Certain property, plant and equipment of the Group with a total net book value of RM2,690,060 (2014 - RM2,720,058) were pledged as security for banking facilities granted to the Group.

In the previous financial year, a reversal of impairment loss was recognised for its property, plant and equipment which was included in "Other income" line item of the statements of profit or loss and other comprehensive income for the financial year ended 30 September 2014. The management assessed the recoverable amount has been increased due to certain changes in the recovery plan, the Group reassessed its estimates and a total amount of RM279,597 of the initially recognised impairment has been reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

8. INVESTMENT PROPERTY

The Group	Leasehold Land RM	Leasehold Building RM	Freehold Building RM	Capital work-in progress RM	Car Park RM	Total RM
2015						
At Cost:-						
At 1.10.2014	6,366,463	2,025,866	385,000	2,226,175	-	11,003,504
Addition	-	313,066	-	336,873	-	649,939
Reclassification (Note 7)	-	(45,000)	-	(2,563,048)	2,563,048	(45,000)
At 30.9.2015	6,366,463	2,293,932	385,000	-	2,563,048	11,608,443
Accumulated Depreciation:-						
At 1.10.2014	(377,150)	(276,581)	(9,624)	-	-	(663,355)
Amortisation	(88,299)	(41,583)	(7,700)	-	(19,259)	(156,841)
At 30.9.2015	(465,449)	(318,164)	(17,324)	-	(19,259)	(820,196)
Carrying Amounts:-						
At 30.9.2015	5,901,014	1,975,768	367,676	-	2,543,789	10,788,247
Market Values:-						
At 30.9.2015	7,639,910	2,339,415	486,000	N/A	2,629,371	13,094,696

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

8. INVESTMENT PROPERTY (CONT'D)

The Group	Leasehold Land RM	Leasehold Building RM	Freehold Building RM	Capital work-in progress RM	Total RM
2014					
At Cost:-					
At 1.10.2013	5,018,187	2,981,323	848,495	-	8,848,005
Addition	-	-	-	2,226,175	2,226,175
Reclassification (Note 7)	1,348,276	(955,457)	(463,495)	-	(70,676)
At 30.9.2014	6,366,463	2,025,866	385,000	2,226,175	11,003,504
Accumulated Depreciation:-					
At 1.10.2013	257,254	451,449	9,650	-	718,353
Amortisation	89,934	39,618	31,099	-	160,651
Reclassification (Note 7)	29,962	(214,486)	(31,125)	-	(215,649)
At 30.9.2014	377,150	276,581	9,624	-	663,355
Carrying Amounts:-					
At 30.9.2014	5,989,313	1,749,285	375,376	2,226,175	10,340,149
Market Values					
At 30.9.2014	8,046,147	2,070,775	396,000	N/A	10,512,922

The carrying amounts of certain properties pledged to banks for banking facilities are as follows:-

	2015 RM	2014 RM
Leasehold building	1,552,248	1,588,743
Leasehold land	4,582,153	4,656,750
	6,134,401	6,245,493

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

9. GOODWILL

	The Group	
	2015	2014
	RM	RM
At cost:		
At 1 October 2014/2013	1,514,295	1,514,295
Acquisition of a new subsidiary (Note 36)	197,168	-
Write-off during the financial year	(197,168)	-
At 30 September 2015/2014	1,514,295	1,514,295
Accumulated impairment losses:-		
At 1 October 2014/2013	-	-
Addition during the financial year	(1,514,295)	-
At 30 September 2015/2014	(1,514,295)	-
Carrying amount	-	1,514,295

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2015	2014
	RM	RM
Matang Makmur Holdings Sdn. Bhd.	-	1,514,295

Goodwill arose from acquisition of subsidiary is stated at cost and reviewed for impairment annually.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections approved by management.

An impairment loss amounting to RM1,514,295 was recognised in profit or loss which was included in "Other expenses" line item of the statements of profit or loss and other comprehensive income for the financial year ended 30 September 2015. The management assessed the recoverable amount to be lower than the carrying amount. The recoverable amount of the goodwill (a cash generating unit) is determined based on value-in-use calculated using projected cash flow approved by the management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

10. INTANGIBLE ASSET

	The Group	
	2015	2014
	RM	RM
Customer base, at cost:-		
At 1 October 2014/2013	5,044,437	-
Addition during the financial year (Note 36)	-	5,044,437
Write-off during the financial year	(535,302)	-
At 30 September 2015/2014	4,509,135	5,044,437
Amortisation of intangible asset:-		
At 1.10.2014/2013	(42,036)	-
Amortisation during the financial year	(450,914)	(42,036)
Write-off during the financial year	4,310	-
At 30 September 2015/2014	(488,640)	(42,036)
Carrying amounts	4,020,495	5,002,401

11. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2015	2014
	RM	RM
At 1 October 2014/ 2013	590,689	-
Recognised in profit or loss (Note 34)	(823,062)	590,689
At 30 September 2015/2014	(232,373)	590,689
Presented as follows:-		
Deferred tax asset	477,766	590,689
Deferred tax liabilities	(710,139)	-
At 30 September 2015/2014	(232,373)	590,689
Deferred tax asset:-		
Temporary differences arising from unrealised profit on construction works	477,766	590,689
Deferred tax liabilities:-		
Temporary differences arising from concession workdone	(710,139)	-
	(232,373)	590,689

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

12. INVENTORIES HELD FOR RESALE

	The Group	
	2015	2014
	RM	RM
At cost:-		
Equipment and parts held for resale	2,975,028	3,190,651
Finished goods	-	467
Goods-in-transit	-	197,522
Unsold completed properties	56,532,552	-
	<u>59,507,580</u>	<u>3,388,640</u>

None of the inventories is carried at net realisable value.

	The Group	
	2015	2014
	RM	RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	452,880	111,766
Inventories written off as cost of sales	<u>189,848</u>	<u>174,907</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

13. PROPERTY DEVELOPMENT COSTS

	The Group	
	2015	2014
	RM	RM
At 1 October 2014/2013		
- land	2,714,700	2,714,700
- development cost	74,315,702	16,516,666
	77,030,402	19,231,366
Costs incurred during the financial year:		
- development cost	48,879,033	57,790,775
Reversal of development costs of completed project during the financial year		
- land	(1,495,817)	-
- development cost	(67,881,066)	-
	(69,376,883)	-
Transferred to inventories during the financial year		
- freehold land	(1,218,883)	-
- development cost	(55,313,669)	-
	(56,532,552)	-
At the end of financial year		
- freehold land	-	2,714,700
- development cost	-	74,315,702
	-	77,030,402
Costs recognised as an expenses in profit or loss		
- previous financial year	(39,454,731)	(16,513,345)
- current financial year	(28,054,948)	(22,941,386)
- adjustment to completed project during the financial year	67,509,679	-
	-	(39,454,731)
At 30 September 2015/2014	-	114,597,812
Cumulative revenue recognised in profit or loss	74,375,965	55,122,301
Cumulative billings to purchasers	(74,375,965)	(52,233,097)
Net accrued billings	-	2,889,204

Included in development expenditure is interest expense capitalised during the financial year amounting to RM408,012 (2014 - RM139,204).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

14. TRADE RECEIVABLES

	2015			2014		
	INTEREST BEARING	NON- INTEREST BEARING	TOTAL	INTEREST BEARING	NON- INTEREST BEARING	TOTAL
	RM	RM	RM	RM	RM	RM
Trade receivables	16,412,961	13,645,361	30,058,322	17,249,627	12,736,427	29,986,054
Retention receivables	-	5,125,618	5,125,618	-	5,082,703	5,082,703
Total trade receivables	16,412,961	18,770,979	35,183,940	17,249,627	17,819,130	35,068,757
Allowance for impairment losses:-						
At 1 October 2014/2013	(134,985)	(10,959,734)	(11,094,719)	-	(6,692,931)	(6,692,931)
Addition during the financial year	(1,472,828)	(3,335,001)	(4,807,829)	(134,985)	(4,895,769)	(5,030,754)
Write-back during the financial year	-	1,675,710	1,675,710	-	628,966	628,966
At 30 September 2015/2014	(1,607,813)	(12,619,025)	(14,226,838)	(134,985)	(10,959,734)	(11,094,719)
Accretion of receivables:-						
At 1 October 2014/2013	-	(444,194)	(444,194)	-	(481,535)	(481,535)
Addition during the financial year	-	431,587	431,587	-	37,341	37,341
At 30 September 2015/2014	-	(12,607)	(12,607)	-	(444,194)	(444,194)
	14,805,148	6,139,347	20,944,495	17,114,642	6,415,202	23,529,844

The Group's normal credit terms for trade receivables range from 7 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The interest-bearing amounts at the end of the reporting period bore and interest of 10% (2014 - 10%) per annum and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other receivables	7,672,891	5,262,470	53,046	4,844
Allowance for impairment losses	(1,540,009)	(1,540,009)	-	-
Net other receivables	6,132,882	3,722,461	53,046	4,844
Deposits	2,206,120	1,370,798	1,500	1,500
Prepayments	4,274,307	2,646,705	-	2,400
	12,613,309	7,739,964	54,546	8,744

Included in the deposits of the Group is an amount of approximately RM720,000 (2014 - RM900,000 paid to a land owner as a rental deposit).

Included in the prepayments of the Group are advances amounting to approximately RM2,743,000 (2014 - RM1,981,000) paid to subcontractors for supply of goods and services.

16. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2015	2014
	RM	RM
Contract costs incurred to date	191,246,965	114,475,099
Attributable profits	47,703,035	41,457,299
	238,950,000	155,932,398
Progress billings	(125,024,520)	(127,316,546)
Net amount owing by/(to) contract customers	113,925,480	28,615,852
The net amount owing by/(to) contract customers comprises the following:-		
Amount owing by contract customers	120,746,196	36,153,451
Amount owing to contract customers	(6,820,716)	(7,537,599)
	113,925,480	28,615,852

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2015	2014
	RM	RM
Amount owing by:-		
Non-trade balances	113,795,659	63,914,302
Less: Accumulated impairment loss	-	(180,907)
	<u>113,795,659</u>	<u>63,733,395</u>
Accumulated impairment loss:-		
At 1 October 2014/2013	(180,907)	-
Addition during the financial year	-	(180,907)
Write-off during the financial year	180,907	-
	<u>-</u>	<u>(180,907)</u>
Amount owing to:-		
Non-trade balances	<u>62,956,160</u>	<u>21,328,555</u>

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

18. AMOUNT OWING BY AN ASSOCIATE

The amount owing is non-trade in nature and unsecured. The amount bore an interest rate of 8.1% (2014 - Nil) per annum and repayable on demand. The amount owing is to be settled in cash.

19. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM17,001,209 (2014 - RM2,979,835) have been pledged to licensed banks as security for banking facilities granted to a subsidiary.

Fixed deposits at the end of the reporting period bore a weighted average interest of 3.27% (2014 - 3.27%) per annum. The maturity periods of the fixed deposits at the end of the reporting period ranged from 30 to 365 days (2014 - 30 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

20. SHARE CAPITAL

	The Company			
	2015	2014	2015	2014
	Number Of Shares		RM	RM
Ordinary Shares Of RM0.10 Each:-				
Authorised				
At 30 September 2015/2014	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued And Fully Paid Up				
At 1 October 2014/2013	421,909,181	352,819,786	42,190,918	35,281,979
Issuance of shares				
- private placement	41,453,637	69,089,395	4,145,364	6,908,939
- conversion of warrant to ordinary shares	50,000	-	5,000	-
At 30 September 2015/2014	463,412,818	421,909,181	46,341,282	42,190,918

The Company increased its issued and paid-up share capital from RM42,190,918 to RM46,341,282 by:-

- (a) the issuance of 41,453,637 new ordinary shares of RM0.10 each at an issue price of RM0.22 per share for the purpose of repayment of working capital. The shares were issued for cash consideration; and
- (b) the issuance of 50,000 new ordinary shares of RM0.10 each from the exercise of Warrants 2007/2017 at the exercise price of RM0.13 each in accordance with the Deed Poll dated 5 December 2006. The shares were issued for cash consideration.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

21. TREASURY SHARES

	The Group/The Company			
	2015	2014	2015	2014
	Number Of Shares		RM	RM
At 30 September	7,372,808	7,372,808	3,248,747	3,248,747

Below are the details of the treasury shares at the end of the reporting period:-

	Number of Shares	Average Unit Price RM	Total Consideration RM
At 30 September	7,372,808	0.4406	3,248,747

Of the total 463,412,818 (2014 - 421,909,181) issued and fully paid ordinary shares as at the end of the reporting period, 7,372,808 (2014 - 7,372,808) are held as treasury shares by the Company. None of the treasury shares were cancelled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

22. RESERVES

	Note	The Group		The Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Share premium	(a)	29,225,123	24,347,220	29,225,123	24,347,220
Warrant reserve	(b)	6,507,304	6,507,551	6,507,304	6,507,551
Retained profits	(c)	(12,488,838)	4,866,674	7,446,454	7,721,799
		23,243,589	35,721,445	43,178,881	38,576,570

(a) Share premium

The movements in the share premium of the Group and the Company are as follows:-

	The Group/ The Company	
	2015 RM	2014 RM
At 1 October 2014/2013	24,347,220	16,633,521
Issuance of new shares		
- private placement	4,974,436	7,945,280
- conversion of warrant to ordinary shares	1,747	-
Share issuance expenses	(98,280)	(231,581)
At 30 September 2015/2014	29,225,123	24,347,220

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) Warrant Reserve

The Company has a total of 101,799,185 Warrants 2007/2017 in issue at the end of the financial year. Each Warrant 2007/2017 entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.13. The Warrants 2007/2017 are exercisable over a period of 10 years from 8 February 2007 to 7 February 2017. 50,000 of the Warrants 2007/2017 in issue were exercised during the financial year.

The Company has a total of 74,024,334 Warrants 2014/2023 in issue at the end of the financial year. Each Warrant 2014/2023 entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.26. The Warrants 2014/2023 are exercisable over a period of 10 years from 5 April 2014 to 4 April 2023. None of the Warrants 2014/2023 in issue was exercised during the financial year.

(c) Retained Profits

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

23. HIRE PURCHASE PAYABLES

	The Group	
	2015	2014
	RM	RM
Minimum hire purchase payments:		
- not later than one year	707,416	755,796
- later than one year and not later than five years	1,589,633	1,487,786
	2,297,049	2,243,582
Future finance charges	(196,598)	(187,720)
Present value of hire purchase payables	2,100,451	2,055,862
Current:		
- not later than one year	621,150	677,111
Non-current:		
- later than one year and not later than five years	1,479,301	1,378,751
	2,100,451	2,055,862

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.37% to 5.82% (2014 - 4.37% to 7.16%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

24. BONDS

		The Group	
	Maturity	2015	2014
	Year	RM	RM
Non - Current:			
Secured, fixed rate bond:			
- 4.00% per annum	2018	60,000,000	60,000,000
- 4.10% per annum	2019	25,000,000	25,000,000
- 4.20% per annum	2020	20,000,000	20,000,000
- 4.30% per annum	2021	20,000,000	20,000,000
- 4.40% per annum	2022	20,000,000	20,000,000
- 4.50% per annum	2023	20,000,000	20,000,000
- 4.60% per annum	2024	20,000,000	20,000,000
- 4.70% per annum	2025	20,000,000	20,000,000
- 4.80% per annum	2026	20,000,000	20,000,000
- 4.90% per annum	2027	25,000,000	25,000,000
- 5.00% per annum	2028	30,000,000	30,000,000
Secured, fixed rate subordinated bond:			
- 16.00% per annum	2028	11,000,000	11,000,000
		291,000,000	291,000,000
Less:			
- Bond discount		(12,399,852)	(13,706,811)
- Transaction cost		(16,910,027)	(19,170,556)
		261,690,121	258,122,633
Accreted interest		972,228	972,228
		262,662,349	259,094,861

The amount recognised in the statement of financial position of the Group may be analysed as follows:

Secured:

	The Group	
	2015 RM	2014 RM
Current:		
- repayable not later than one year	-	-
Non-current:		
- repayable later than five years	262,662,349	259,094,861
	262,662,349	259,094,861

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

22. BONDS (CONT'D)

Indera Persada Sdn Bhd ("IPSB" or the "Issuer") is a 40% owned subsidiary, issued RM280 million Fixed Rate Serial Bonds and RM15 million Subordinated Bonds which included RM4 million subscribed by MMHSB, a subsidiary of Digistar Corporation Berhad on 5 September 2015. The entire bonds were divided into 12 tranches, with maturity periods of up to 15 years commencing September 2018 to September 2028.

The coupon rates range from 4.00% to 16.00% per annum and the coupon interests are payable semi-annually on each series of the Bonds.

Proceeds raised from the Bonds will be utilised by IPSB to finance the construction of a Training Institute in Malacca for Ministry of Works, under an 18-year Concession Agreement with the Government of Malaysia.

The Bonds are secured against the following:

- (i) A performance guarantee of up to RM280 million during the construction period by a financial institution;
- (ii) A first priority assignment of the Issuer's contractual rights, interest, title and benefits in and to the performance bonds/guarantee;
- (iii) A first ranking fixed charge over the Debt Service Reserve Account, Proceeds Account 1 and Proceeds Account 2;
- (iv) A first priority assignment of the Issuer's contractual rights, interest title and benefits in respect of the Availability Charges and Maintenance Service Charges; amount payable to Issuer as a result of early termination of the Concession Agreement ("CA"); and all rights relating to the appointment of a substituted entity to carry out the concession;
- (v) A first priority assignment of the Issuer's contractual rights, interest, title and benefits under the CA in respect of any reimbursement cost incurred in relation to or for the purpose of the implementation of the CA;
- (vi) Debenture over all of the Issuer's present and future assets, fixed and floating;
- (vii) A first priority assignment of insurance policies; and
- (viii) Deed of subordination of shareholders' present and future advances.

27. TERM LOAN

	The Group	
	2015	2014
	RM	RM
Current portion:		
- not later than one year	-	103,125
Non-current portion:		
- Repayable between 1 and 2 years	14,029,558	-
	<u>14,029,558</u>	<u>103,125</u>

The repayment terms of the bridging loan is by way of redemption of strata titles at 45% of the selling price of each unit or alternatively by way of 12 monthly principal instalment of RM2,750,000 commencing on the 25th month from the date of the first release.

The bridging loan at the end of the reporting period bore an effective interest rate of 7.1% (2014 - 7.1%) per annum.

The bridging loan was secured by:-

- (a) an open all monies facility agreement between a subsidiary and the Bank;
- (b) a first legal charge over a piece of property of the subsidiary;
- (c) a fixed deposit to be held on lien with the Bank;
- (d) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

26. TRADE PAYABLES

	The Group	
	2015 RM	2014 RM
Trade payables	16,215,291	9,341,100
Retention payables	3,637,893	5,763,970
Total trade payables	19,853,184	15,105,070
Accruals of construction cost	5,485,740	-
Accretion of payables	(177,034)	(742,990)
	<u>25,161,890</u>	<u>14,362,080</u>
Accretion of payables:-		
At 1 October 2014/2013	(742,990)	(240,099)
Addition during the financial year	565,956	(502,891)
At 30 September	<u>(177,034)</u>	<u>(742,990)</u>

The Group's normal credit terms of the trade payables range from 30 to 60 days.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	8,952,174	3,011,887	4,811	490
Deferred revenue	2,365,072	2,338,950	-	-
Deposits received	580,985	438,804	-	-
Accruals	10,709,696	1,993,206	84,700	85,300
	<u>22,607,927</u>	<u>7,782,847</u>	<u>89,511</u>	<u>85,790</u>

Deferred revenue arose from advance billings to the customers for the services to be rendered in the subsequent financial years.

Included in the other payables of the Group are commission payable to a contractor for a joint development project amounting approximately RM3,672,000 (2014 - RM1,409,000).

Included in the accruals of the Group are construction costs for completion of a property development amounting to approximately RM8,561,000 (2014 - RM Nil).

28. AMOUNT OWING TO A RELATED PARTY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

29. BANKERS' ACCEPTANCES

In the previous financial year, the bankers' acceptances bore an effective interest rate of 5.03% per annum and were secured by:-

- (i) legal charges over certain properties belonging to certain subsidiaries;
- (ii) a pledge of fixed deposits belonging to one of the subsidiaries; and
- (iii) a corporate guarantee of the Company.

30. BANK OVERDRAFTS

The bank overdrafts bear an effective interest rate of 7.85% (2014 - 7.85%) per annum and are secured in the same manner as the bankers' acceptances as disclosed in Note 29 to the financial statements.

31. NET ASSETS PER ORDINARY SHARE

The net assets per share is calculated based on the net assets value attributable to shareholders of RM66,336,124 (2014 - RM74,663,616) divided by the number of ordinary shares in issue (excluding treasury shares) at the end of the reporting period of 456,040,010 shares (2014 - 414,536,373 shares).

32. REVENUE

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Contract revenue	102,309,459	65,341,018	-	-
Security service income	3,773,402	329,182	-	-
Maintenance income	1,037,307	2,743,329	-	-
Hotel management and services	2,391,669	-	-	-
Sale of goods	3,491,531	4,025,685	-	-
Rental income	1,665,809	1,770,347	-	-
Proportionate sale value of development properties	19,253,664	35,500,912	-	-
Dividend income	-	-	-	400,000
	133,922,841	109,710,473	-	400,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

33. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Amortisation of investment properties	156,841	160,651	-	-
Amortisation of intangible asset	450,914	42,036	-	-
Audit fee:				
- for the financial year	181,067	178,000	42,000	45,000
- under/(over)provision in the previous financial year	1,000	18,000	(3,000)	4,000
- non-statutory services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	1,911,285	1,930,850	-	-
Directors' remuneration:				
- fee	180,000	-	180,000	-
- non-fee emoluments	1,972,000	1,814,000	100,000	88,500
- defined contribution plans	222,687	205,457	-	-
- gratuity	335,523	-	-	-
Interest expense:				
- bank overdrafts	38,592	21,965	-	-
- bankers' acceptances	55,733	115,885	-	-
- hire purchase	92,390	79,001	-	-
- trust receipts	1,121	35,734	-	-
- bond	17,858,858	18,805,667	-	-
Impairment losses on:				
- trade receivables	4,807,829	5,030,754	-	-
- other receivables	-	1,540,009	-	-
- goodwill	1,514,295	-	-	-
- investment in subsidiaries	-	-	-	1,583,409
Rental of equipment	198,494	35,289	92	-
Rental of motor vehicle	20,402	51,896	-	-
Rental of premises	681,250	350,860	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	12,464,252	9,288,933	-	-
- defined contribution plans	1,395,467	1,052,099	-	-
- other benefits	684,848	494,752	-	-
Goodwill written off	197,168	-	-	-
Property, plant and equipment written off	11,250	175,863	-	-
Intangible assets written off	530,992	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

33. LOSS BEFORE TAXATION (CONT'D)

Loss before taxation is arrived at after charging/(crediting) the following (Cont'd):-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Loss/(Gain) on foreign exchange - realised	151,144	(59,635)	-	-
Accretion of payables	565,956	(502,891)	-	-
Accretion of receivables	(431,587)	(37,342)	-	-
Gain on disposal of property, plant and equipment	(84,311)	(141,729)	-	-
Reversal of impairment loss on property, plant and equipment	-	(279,597)	-	-
Write-back of impairment losses on:-				
- receivables	(1,675,710)	(628,966)	-	-
- subsidiaries	-	-	(180,907)	-
Dividend income	-	-	-	(400,000)
Government grant	(10,000,000)	-	-	-
Interest income:				
- fixed deposits	(6,416,436)	(8,802,619)	-	-
- others	(1,316,777)	(41,877)	-	-
Rental income	(1,845,108)	(1,706,099)	-	-

34. INCOME TAX EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current tax:				
- for the current financial year	1,610,561	2,714,419	-	-
- (over)/underprovision in previous financial years	(1,125,253)	304,858	-	(98,000)
	485,308	3,019,277	-	(98,000)
Deferred tax:				
- for the current financial year (Note 11)	823,062	(590,689)	-	-
	1,308,370	2,428,588	-	(98,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. INCOME TAX EXPENSE (CONT'D)

The reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Loss before taxation	(24,464,230)	(11,347,732)	(275,345)	(1,535,609)
Tax at the statutory tax rate of 25%	(6,117,541)	(2,836,932)	(68,836)	(384,000)
Tax effects of:-				
Non-deductible expenses	7,371,296	4,931,849	132,937	384,000
Non taxable gain	(1,362,325)	(49,028)	(64,101)	-
Deferred tax assets not recognised during the financial year	2,839,137	522,591	-	-
Utilisation of previously unrecognised deferred tax assets	(266,637)	(444,750)	-	-
(Over)/Underprovision of current tax in the previous financial year	(1,125,253)	304,858	-	(98,000)
Double deduction	(30,307)	-	-	-
Tax for the financial year	1,308,370	2,428,588	-	(98,000)

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

No deferred tax asset is recognised on the following items:-

	The Group	
	2015	2014
Impairment losses on receivables	12,261,000	10,698,000
Provision	1,736,000	443,000
Unutilised tax losses	10,071,000	2,793,000
Unabsorbed capital allowances	1,757,000	1,306,000
Accelerated capital allowances over depreciation	391,000	686,000
	26,216,000	15,926,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

34. INCOME TAX EXPENSE (CONT'D)

Tax savings during the financial year arising from:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unabsorbed capital allowance	666,000	1,348,000	-	-
Utilisation of tax losses previously not recognised as deferred tax assets	2,106,071	4,952,000	-	-

35. LOSS PER SHARE

The basic loss per ordinary share has been calculated based on the consolidated loss for the financial year attributable to the equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year.

	The Group	
	2015	2014
Loss attributable to owners of the Company (RM)	(16,756,327)	(5,648,196)
Weighted average number of ordinary shares at 30 September	452,029,661	386,616,686
Basic loss per share (Sen)	(3.71)	(1.46)

The fully diluted loss per ordinary share has been calculated based on the consolidated loss for the financial year attributable to the equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year.

	The Group	
	2015	2014
Loss attributable to owners of the Company (RM)	(16,756,327)	(5,648,196)
Weighted average number of ordinary shares at 30 September	#	338,793,097
Diluted loss per ordinary share (Sen)	#	(1.67)

The diluted earnings/(loss) per ordinary share is not presented as there is an anti-dilutive effect arising from the assumed exercise of the warrants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

36. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES

(a) 2015

The Group acquired 51% equity interest in Wemal Maxi-Protect Sdn. Bhd. and 100% equity interest in Sakura Management Sdn. Bhd. and Mulia Optima Sdn. Bhd. respectively.

The fair values of the identifiable assets and liabilities of Wemal Maxi-Protect Sdn. Bhd., Sakura Management Sdn. Bhd. and Mulia Optima Sdn. Bhd. at the date of acquisition were:-

	At Date Of Acquisition Fair Value Recognised
	RM
Plant and equipment (Note 7)	16,136
Trade receivables	96,557
Other receivables	1,117,513
Tax refundable	3,866
Cash and cash equivalents	204,117
Other payables and accruals	(22,574)
Amount owing to related party	(1,114,714)
Net identifiable assets and liabilities	300,901
Less: Non-controlling interest	(58,367)
Add: Goodwill on acquisition (Note 9)	197,168
Total purchase consideration	439,702
Less: Cash and cash equivalents of subsidiaries acquired	(204,117)
Net cash outflow for acquisition of subsidiaries	235,585

The acquired subsidiaries have contributed the following results to the Group:-

	2015	2014
	RM	RM
Revenue	8,520	Not applicable
Loss after taxation	(30,618)	Not applicable

If the acquisition had taken place at the beginning of the financial year, the Group's results would have been as follows:-

	2015	2014
	RM	RM
Revenue	49,536	Not applicable
Loss after taxation	(14,329)	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

36. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) 2014

The Group acquired 70% and 100% equity interest in Protecs A&A Sdn. Bhd. and Digistar Construction (M) Sdn. Bhd. respectively.

The fair values of the identifiable assets and liabilities of Protecs A&A Sdn. Bhd. and Digistar Construction (M) Sdn. Bhd. at the date of acquisition were:-

	At Date Of Acquisition Fair Value Recognised RM
Plant and equipment (Note 7)	184,084
Trade receivables	487,187
Other receivables	75,963
Tax refundable	29,000
Cash and cash equivalents	661,153
Other payables and accruals	(2,502,671)
Amount owing to related party	(1,637)
Hire purchase payables	(67,987)
Net identifiable assets and liabilities	(1,134,908)
Add: Non-controlling interest	340,473
Add: Intangible assets on acquisition (Note 10)	5,044,437
Total purchase consideration	4,250,002
Less: Cash and cash equivalents of subsidiaries acquired	(661,153)
Net cash outflow for acquisition of subsidiaries	3,588,849

The acquired subsidiaries have contributed the following results to the Group:-

	2015 RM	2014 RM
Revenue	Not applicable	11,157,550
Loss after taxation	Not applicable	(1,363,825)

If the acquisition had taken place at the beginning of the financial year, the Group's results would have been as follows:-

	2015 RM	2014 RM
Revenue	Not applicable	111,743,152
Loss after taxation	Not applicable	(13,754,286)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2015	2014
	RM	RM
Cost of property, plant and equipment purchased	2,693,369	3,340,761
Amount financed through hire purchase	(824,100)	(1,371,000)
Cash disbursed for purchase of property, plant and equipment	1,869,269	1,969,761

38. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Fixed deposits with licenced banks (Note 19)	123,926,311	199,295,462	-	-
Cash and bank balances	22,226,156	32,245,113	480,602	404,669
Bank overdrafts (Note 30)	(1,198,403)	(882,317)	-	-
	144,954,064	230,658,258	480,602	404,669
Less: fixed deposits with maturity period more than three months	(32,831,879)	(90,214,448)	-	-
Less: fixed deposit pledged under licensed bank (Note 19)	(19,573,017)	(2,979,835)	-	-
	92,549,168	137,463,975	480,602	404,669

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

39. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors Of The Company				
Executive directors:				
- fee	90,000	-	90,000	-
- non-fee emoluments	2,430,210	1,937,957	-	7,000
Non-Executive directors:				
- fee	90,000	-	90,000	-
- allowance	100,000	81,500	100,000	81,500
	2,710,210	2,019,457	280,000	88,500
Directors Of The Subsidiaries				
Executive directors:				
- non-fee emoluments	5,571	-	-	-
	2,715,781	2,019,457	280,000	88,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

39. DIRECTORS' REMUNERATION (CONT'D)

The number of Group and Company directors' with total remuneration falling in bands of RM50,000 are as follows:-

	The Group		The Company	
	2015	2014	2015	2014
The Group				
Executive directors				
- Below RM50,000	1	1	5	4
- RM50,001 to RM100,000	-	1	-	-
- RM100,001 to RM150,000	1	-	-	-
- RM200,001 to RM250,000	1	-	-	-
- RM450,001 to RM500,000	-	1	-	-
- RM500,001 to RM550,000	1	-	-	-
- RM1,300,001 to RM1,350,000	-	1	-	-
- RM1,600,001 to RM1,650,000	1	-	-	-
Non-Executive directors				
- Below RM50,000	2	2	2	2
- RM50,001 to RM100,000	-	1	-	1
- RM100,001 to RM150,000	1	-	1	-
	8	7	8	7

40. RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
(i) Subsidiaries				
Dividend income receivable	-	-	-	400,000
(ii) Directors				
Directors' fee	180,000	-	180,000	-
(iii) Key management personnel				
Short-term employee benefits	676,518	518,280	-	-
(iv) Associate				
Interest income receivable	96,212	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

41. OPERATING SEGMENTS

Business Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

- (i) Systems integration segment - involved in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems.
- (ii) Trading segment - involved in the trading of all kinds of specialised electronic and electrical components and products throughout Malaysia.
- (iii) Maintenance segment - involved in providing electronic systems maintenance and support services.
- (iv) Investment holding segment - investment holding.
- (v) Rental and hotel segment - involved in renting, maintaining and upkeep of properties, health television operator and hotel operator.
- (vi) Property development segment - involved in development of properties.
- (vii) Concession segment – involved in concession arrangement is between the Group and Government of Malaysia for the privatisation of the design, development, construction and completion of the Facilities and Infrastructure for Jabatan Kerja Raya (“JKR”) Training Institute and to carry out the Asset Management Services.
- (viii) Central monitoring security services – involved in of designing, supplying, installation and integration of security monitoring systems.

Business Segments (Cont'd)

	Central security monitoring Services																
	Systems Integration		Trading		Maintenance Income		Investment Holding		Concession		Services	Rental	Property Development Management		Hotel	Elimination	Group
2015	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
THE GROUP																	
REVENUE																	
External revenue	11,177,407	3,546,348	1,487,830	-	90,681,529	3,718,585	1,665,809	19,253,664	2,391,669	-	133,922,841						
Intersegment revenue	2,299,938	-	-	-	140,333,901	-	228,000	308,259	-	(143,170,098)	-						
Total revenue	13,477,345	3,546,348	1,487,830	-	231,015,430	3,718,585	1,893,809	19,561,923	2,391,669	(143,170,098)	133,922,841						
RESULTS																	
Segment results (external)	(12,052,089)	(119,002)	284,505	(305,441)	12,246,506	(295,600)	(979,559)	(19,698,562)	(496,722)	(1,830,525)	(23,246,489)						
Interest Income	700,879	-	-	73,569	5,686,265	-	648,779	1,296,071	-	(672,350)	7,733,213						
Government grant	-	-	-	-	-	-	-	10,000,000	-	-	10,000,000						
Finance costs	(11,351,210)	(119,002)	284,505	(231,872)	17,932,771	(295,600)	(330,780)	(8,402,491)	(496,722)	(2,502,875)	(5,513,276)						
Share of results in associate	(308,219)	(581)	(9)	(467)	(18,498,858)	(2,478)	(1,801)	(1,177,424)	-	640,000	(19,349,837)						
Loss from ordinary activities before taxation											398,883						
Income tax expense											(24,464,230)						
Profit after taxation											(1,308,370)						
Non-controlling interest											(25,772,600)						
Net profit attributable to the owners of the Company											9,016,293						
											(16,756,307)						

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

41. OPERATING SEGMENTS (CONT'D)

Business Segments (Cont'd)

2015	Systems Integration RM	Trading RM	Maintenance Income RM	Investment Holding RM	Concession Assets RM	Central security monitoring Services RM	Rental RM	Property Development RM	Hotel Management RM	Total RM
OTHER INFORMATION										
Segment assets	18,054,812	11,188	2,632,688	8,237,782	255,793,031	5,195,328	18,846,024	75,235,566	1,900,113	385,906,532
Unallocated assets										1,327,391
										<u>387,233,923</u>
Segment liabilities	16,440,671	-	-	130,838	281,819,880	2,769,345	4,016,041	28,520,367	897,505	334,594,647
Unallocated liabilities										1,316,838
										<u>335,911,485</u>
Capital expenditure:										
- property, plant and equipment	1,392,007	-	-	28,720	86,300	293,117	208,023	292,709	392,493	2,693,369
- investment property	-	-	-	-	-	-	649,939	-	-	649,939
Written off:										
- Property, Plant and Equipment	-	-	-	-	-	-	11,250	-	-	11,250
- Intangible assets	-	-	-	-	-	530,992	-	-	-	530,992
- Goodwill	-	-	-	18,218	-	178,950	-	-	-	197,168
Depreciation and amortisation	1,035,909	-	-	455,222	12,791	413,616	410,435	142,219	48,848	2,519,040
Impairment losses on:										
- receivables	3,038,949	-	-	-	-	127,953	168,099	1,472,828	-	4,807,829
- goodwill	-	-	-	-	-	-	1,514,295	-	-	1,514,295
Write-back of impairment losses on receivables	(1,674,773)	-	-	-	-	-	(937)	-	-	(1,675,710)

Business Segments (Cont'd)

[illegible]

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

41. OPERATING SEGMENTS (CONT'D)

Business Segments (Cont'd)

	Systems Integration	Trading	Maintenance Income	Investment Holding	Concession assets	Central security monitoring Services	Rental	Property Development	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Segment assets	43,314,097	875,227	1,568,308	14,822,052	227,512,034	4,285,128	12,004,819	63,380,609	367,762,274
Unallocated assets									590,689
									<u>368,352,963</u>
Segment liabilities	29,162,741	-	-	110,173	252,190,919	2,611,509	219,206	13,623,941	297,918,489
Unallocated liabilities									<u>1,825,823</u>
									<u>299,744,312</u>
Capital expenditure:									
- property, plant and equipment	1,901,106	-	-	-	40,599	1,078,636	78,119	242,301	3,340,761
- investment property	-	-	-	2,226,175	-	-	-	-	2,226,175
Equipment written off	-	-	-	-	-	-	175,863	-	175,863
Depreciation and amortisation	1,015,093	-	-	57,017	4,034	303,510	654,561	99,322	2,133,537
Impairment losses on receivables	6,356,286	-	-	-	-	-	79,492	134,985	6,570,763
Write-back of impairment losses on:									
- receivables	(318,216)	-	-	-	-	-	(310,750)	-	(628,966)
- property, plant and equipment	-	-	-	-	-	-	(279,597)	-	(279,597)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

41. OPERATING SEGMENTS (CONT'D)

Geographical information

No segmental information is provided on a geographical basis as the Group's activities are predominantly in Malaysia.

Major Customers

During financial year, the revenue by segments from one major customer with total revenue more than 10% of the Group's revenue are as follows:-

	The Group	
	2015	2014
	RM	RM
Concession segment	90,681,529	23,275,239

42. FOREIGN EXCHANGE RATE

The principal closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period is as follows:-

	2015	2014
	RM	RM
United States Dollar	4.40	3.28

43. CAPITAL COMMITMENT

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Contracted but not provided for:				
Purchase of freehold land	8,469,501	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

44. CONTINGENT LIABILITIES

	The Company	
	2015	2014
	RM	RM
Unsecured:		
- Guarantees given to financial institutions in respect of facilities extended to a subsidiary	8,265,505	12,153,659
- Guarantee given to a subsidiary's supplier for credit facility	1,000,000	5,000,000
- Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	12,412,320	-
- Corporate Guarantee given to a financial institution for performance guarantee facility to a subsidiary	280,000,000	280,000,000
	<u>301,677,825</u>	<u>297,153,659</u>

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are United States Dollar and Pound Sterling. Foreign currency risk is monitored closely and managed to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

	British Pound	Euro	United States Dollar	Singapore Dollar	Ringgit Malaysia	Total
The Group	RM	RM	RM	RM	RM	RM
2015						
Financial assets						
Trade receivables	-	-	-	-	20,944,495	20,944,495
Other receivables and deposits	-	-	-	-	8,339,002	8,339,002
Amount owing by an associate	-	-	-	-	1,668,221	1,668,221
Fixed deposits with licensed banks	-	-	-	-	123,926,311	123,926,311
Cash and bank balances	-	-	-	-	22,226,156	22,226,156
	-	-	-	-	177,104,185	177,104,185

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

The Group	British Pound RM	Euro RM	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2015						
Financial liabilities						
Trade payables	8,932	37,131	32,389	145,869	24,937,569	25,161,890
Other payables, deposits received and accruals	-	-	-	-	22,607,927	22,607,927
Amount owing to a related party	-	-	-	-	13,353	13,353
Hire purchase payables	-	-	-	-	2,100,451	2,100,451
Bank overdrafts	-	-	-	-	1,198,403	1,198,403
Bonds	-	-	-	-	262,662,349	262,662,349
Term loan	-	-	-	-	14,029,558	14,029,558
	8,932	37,131	32,389	145,869	327,549,610	327,773,931
Net financial (liabilities)/assets	(8,932)	(37,131)	(32,389)	(145,869)	(150,445,425)	(150,669,746)
Less: Net financial assets denominated in the entity's functional currency	-	-	-	-	150,445,425	150,445,425
Currency exposure	(8,932)	(37,131)	(32,389)	(145,869)	-	224,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group	British Pound RM	Euro RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
2014					
Financial assets					
Trade receivables	-	-	-	23,529,844	23,529,844
Other receivables and deposits	-	-	-	5,093,259	5,093,259
Fixed deposits with licensed banks	-	-	-	199,295,462	199,295,462
Cash and bank balances	-	-	-	32,245,113	32,245,113
	-	-	-	260,163,678	260,163,678
Financial liabilities					
Trade payables	42,666	17,024	219,815	14,082,575	14,362,080
Other payables, deposits received and accruals	-	-	-	7,782,847	7,782,847
Amount owing to a related party	-	-	-	13,798	13,798
Bankers' acceptances	-	-	-	6,086,000	6,086,000
Hire purchase payables	-	-	-	2,055,862	2,055,862
Bank overdrafts	-	-	-	882,317	882,317
Bonds	-	-	-	259,094,861	259,094,861
Term loan	-	-	-	103,125	103,125
	42,666	17,024	219,815	290,101,385	290,380,890
Net financial (liabilities)/assets	(42,666)	(17,024)	(219,815)	(29,937,707)	(30,217,212)
Less: Net financial assets denominated in the entity's functional currency	-	-	-	29,937,707	29,937,707
Currency exposure	(42,666)	(17,024)	(219,815)	-	279,505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	Ringgit Malaysia	Total
The Company	RM	RM
2015		
Financial assets		
Other receivables and deposits	54,546	54,546
Amount owing by subsidiaries	113,795,659	113,795,659
Cash and bank balances	480,602	480,602
	<u>114,330,807</u>	<u>114,330,807</u>
Financial liabilities		
Other payables and accruals	89,511	89,511
Amount owing to subsidiaries	62,956,160	62,956,160
Amount owing to a related party	13,353	13,353
	<u>63,059,024</u>	<u>63,059,024</u>
Net financial assets	<u>51,271,783</u>	<u>51,271,783</u>
2014		
Financial assets		
Other receivables and deposits	8,744	8,744
Amount owing by subsidiaries	63,733,395	63,733,395
Cash and bank balances	404,669	404,669
	<u>64,146,808</u>	<u>64,146,808</u>
Financial liabilities		
Other payables and accruals	85,790	85,790
Amount owing by subsidiaries	21,238,555	21,238,555
Amount owing to a related party	13,353	13,353
	<u>21,427,698</u>	<u>21,427,698</u>
Net financial assets	<u>42,910,110</u>	<u>42,910,110</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015	2014
	RM	RM
Effects on profit after taxation/equity		
United States Dollar:		
- strengthened by 5%	(1,215)	(8,243)
- weakened by 5%	1,215	8,243
Singapore Dollar:		
- strengthened by 5%	(5,470)	-
- weakened by 5%	5,470	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 44.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Exposure to interest rate risk

	The Group	
	2015	2014
	RM	RM
Fixed rate instrument		
Bankers' acceptances	-	(6,086,000)
Bond	(262,662,349)	(259,094,861)
Hire purchase payables	(2,100,451)	(2,055,862)
Term loan	(14,029,558)	(103,125)
	<u>(278,792,358)</u>	<u>(267,339,848)</u>
Floating rate instrument		
Fixed deposits with licensed banks	123,926,311	199,295,462
Bank overdrafts	(1,198,403)	(882,317)
	<u>122,727,908</u>	<u>198,413,145</u>

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015	2014
	RM	RM
Effects on profit after taxation/equity		
Increase of 100 basis points	920,459	1,488,099
Decrease of 100 basis points	<u>(920,459)</u>	<u>(1,488,099)</u>

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(ii) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 42% of its trade receivables as at the end of the reporting period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

	Gross Amount	Individual Impairment	Collective Impairment	Carrying Value
The Group	RM	RM	RM	RM
2015				
Not past due	1,746,183	(9,921)	-	1,736,262
Past due:-				
- less than 3 months	961,206	(49,366)	-	911,840
- 3 to 6 months	4,033,777	(47,503)	-	3,986,274
- over 6 months	28,430,167	(14,120,048)	-	14,310,119
	35,171,333	(14,226,838)	-	20,944,495
2014				
Not past due	9,706,560	-	-	9,706,560
Past due:-				
- less than 3 months	6,105,078	-	-	6,105,078
- 3 to 6 months	1,724,443	-	-	1,724,443
- over 6 months	17,088,482	(11,094,719)	-	5,993,763
	34,624,563	(11,094,719)	-	23,529,844

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2015						
Trade payables	-	25,161,890	25,161,890	25,161,890	-	-
Other payables, deposits received and accruals	-	22,607,927	22,607,927	22,607,927	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
Hire purchase payables	4.37 - 5.82	2,100,451	2,297,049	707,416	1,589,633	-
Bank overdrafts	7.85	1,198,403	1,198,403	1,198,403	-	-
Bonds	7.21	262,662,349	422,660,000	14,850,000	158,575,000	249,235,000
Bridging loan	7.10	14,029,558	14,029,558	14,029,558	-	-
		327,773,931	487,968,180	78,568,547	160,164,633	249,235,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2014						
Trade payables	-	14,362,080	14,362,080	14,362,080	-	-
Other payables, deposits received and accruals	-	7,782,847	7,782,847	7,782,847	-	-
Amount owing to a related party	-	13,798	13,798	13,798	-	-
Hire purchase payables	4.37 - 7.16	2,055,862	2,243,582	755,796	1,487,786	-
Bank overdrafts	7.85	882,317	882,317	882,317	-	-
Bankers' acceptances	5.03	6,086,000	6,086,000	6,086,000	-	-
Bonds	7.21	259,094,861	424,550,000	14,210,000	139,440,000	270,900,000
Term loan	7.10	103,125	103,241	103,241	-	-
		<u>290,380,890</u>	<u>456,023,865</u>	<u>44,196,079</u>	<u>140,927,786</u>	<u>270,900,000</u>

The Company

2015

Other payables and accruals	-	89,511	89,511	89,511	-	-
Amount owing to subsidiaries	-	62,956,160	62,956,160	62,956,160	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
		<u>63,059,024</u>	<u>63,059,024</u>	<u>63,059,024</u>	<u>-</u>	<u>-</u>

2014

Other payables and accruals	-	85,790	85,790	85,790	-	-
Amount owing to subsidiaries	-	21,328,555	21,328,555	21,328,555	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
		<u>21,427,698</u>	<u>21,427,698</u>	<u>21,427,698</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2015	2014
	RM	RM
Trade payables	25,161,890	14,362,080
Other payables and accruals	22,607,927	7,782,847
Amount owing to a related party	13,353	13,798
Hire purchase payables	2,100,451	2,055,862
Bankers' acceptances	-	6,086,000
Bank overdrafts	1,198,403	882,317
Bonds	262,662,349	259,094,861
Term loan	14,029,558	103,125
	327,773,931	290,380,890
Less: Fixed deposits with licensed banks	(123,926,311)	(199,295,462)
Less: Cash and bank balances	(22,226,156)	(32,245,113)
	181,621,464	58,840,315
Total equity	66,336,124	74,663,616
Debt-to-equity ratio	2.74	0.78

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Financial assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	20,944,495	23,529,844	-	-
Other receivables and deposits	8,339,002	5,093,259	54,546	8,744
Amount owing by subsidiaries	-	-	113,795,659	63,733,39
Amount owing by an associate	1,668,221	-	-	-
Fixed deposits with licensed banks	123,926,311	199,295,462	-	-
Cash and bank balances	22,469,701	32,245,113	480,602	404,669
	<u>177,347,730</u>	<u>260,163,678</u>	<u>114,330,807</u>	<u>64,146,808</u>
Financial liabilities				
<u>Other financial liabilities</u>				
Trade payables	25,161,890	14,362,080	-	-
Other payables and accruals	22,607,927	7,782,847	89,511	85,790
Amount owing to subsidiaries	-	-	62,956,160	21,328,555
Amount owing to a related party	13,353	13,798	13,353	13,353
Hire purchase payables	2,100,451	2,055,862	-	-
Bank overdrafts	1,198,403	882,317	-	-
Bankers' acceptances	-	6,086,000	-	-
Bonds	262,662,349	259,094,861	-	-
Term loan	14,029,558	103,125	-	-
	<u>327,773,931</u>	<u>290,380,890</u>	<u>63,059,024</u>	<u>21,427,698</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 of the fair value hierarchy

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2015								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	2,187,880	-	2,187,880	2,100,451
Bonds	-	-	-	-	286,283,200	-	286,283,200	262,662,349

The Group	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Value	Amount
	RM	RM	RM	RM	RM	RM	RM	RM
2014								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	2,074,917	-	2,074,917	2,055,862
Bonds	-	-	-	-	287,019,600	-	287,019,600	259,094,861

The fair values above are for disclosure purposes and have been determined using the following basis:-

- The fair values of bonds are estimated based on their indicative market price as at the end of reporting period.
- The fair values of hire purchase payables are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The rates using to discount the estimated cash flows are as follows:-

	The Group	
	2015	2014
	RM	RM
Hire purchase payables	4.37% - 5.82%	4.20% - 5.50%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

- (i) On 14 October 2014, the Company's wholly-owned subsidiary, Digistar Holdings Sdn. Bhd. entered into a Share Sale Agreement to acquire a total of 30,000 ordinary shares of RM1.00 each representing 30% equity interests in Tiara Vision Sdn. Bhd. for a total cash consideration of RM290,000.

Upon the completion of the proposed acquisition, Tiara Vision Sdn. Bhd. became an associate of the Company during the financial year.

- (ii) On 10 April 2015, the Company acquired a total of 200,000 ordinary shares of RM1.00 each representing 100% equity interest in Sakura Management Sdn. Bhd. for a total cash consideration of RM200,000.
- (iii) On 13 July 2015, the Company acquired a total of 2 ordinary shares of RM1.00 each representing 100% equity interest in Mulia Optima Sdn. Bhd. for a total cash consideration of RM2.
- (iv) On 26 August 2015, the Company's wholly-owned subsidiary, Digistar Holdings Sdn. Bhd. acquired a total of 7,650 ordinary shares of RM1.00 each representing 51% equity interest in Wemal Maxi-Protect Sdn. Bhd. for a total cash consideration of RM239,700.
- (v) On 28 August 2015, the Company's wholly-owned subsidiary, Digistar Holdings Sdn. Bhd. acquired an additional 50,000 ordinary shares of RM1.00 each representing 10% of the issued and paid-up capital of Protecs A & A CMS Sdn. Bhd. for a total cash consideration of RM600,000. Consequently, the equity interest increased from 70% to 80%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

47. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total retained profits				
- realised	(12,330,487)	10,697,503	7,446,454	7,721,799
- unrealised	(232,373)	590,689	-	-
	(12,562,860)	11,288,192	7,446,454	7,721,799
Total share of retained profits of associate				
- realised	398,883	-	-	-
	(12,163,977)	11,288,192	7,446,454	7,721,799
Less: Consolidation adjustments	(324,861)	(6,421,518)	-	-
At 30 September	(12,488,838)	4,866,674	7,446,454	7,721,799

ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 29 JANUARY 2016

Authorised	:	RM1,000,000,000
Issued and Fully paid-up	:	RM46,341,281.80 (including 7,372,808 treasury shares held)
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One voting right for one ordinary share

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Holdings	No. of Holders	Total Shareholdings	%#
Less than 100 shares	125	5,299	0.00
100 to 1,000 shares	148	72,763	0.02
1,001 to 10,000 shares	1,120	7,239,021	1.59
10,001 to 100,000 shares	2,013	75,239,535	16.50
100,001 to less than 5% of issued shares	435	257,363,417	56.43
5% and above of issued shares	3	116,119,975	25.46
	3,844	456,040,010	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%#
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for LWC Capital Sdn Bhd	65,098,526	14.27
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Mejar (K) Datuk Wira Lee Wah Chong	27,895,049	6.12
3.	Star Heritage Development Sdn Bhd	23,126,400	5.07
4.	Mejar (K) Datuk Wira Lee Wah Chong	18,488,200	4.05
5.	Chang Mui Lang	16,266,695	3.57
6.	Loo Ah Moy@ Loh Ng Looi	14,248,300	3.12
7.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Sim Leong Thun	11,918,500	2.61
8.	Siow Mee Fong	11,642,100	2.55
9.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Lee Poh Chau	6,850,650	1.50
10.	Wong Lok Sun @ Wong Lock Sau	5,900,000	1.29
11.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Simco Assets Sdn Bhd	5,200,000	1.14
12.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheng Nyoh Moy	4,440,000	0.97
13.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Secret Recipe Cakes & Cafe Sdn Bhd	4,184,200	0.92

ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 29 JANUARY 2016

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%#
14.	Low Poh Ling	3,545,000	0.78
15.	Datin Wira Wa Siew Yam	3,421,205	0.75
16.	Wong Chee Kheong	3,210,000	0.70
17.	Low Chit Sin	3,000,000	0.66
18.	Rozilawati Binti Mustafa	2,966,800	0.65
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Chong Fut Ling	2,775,570	0.61
20.	Maybank Nominees (Tempatan) Sdn Bhd Libra Invest Berhad for Tan Mee Su	2,750,000	0.60
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Wong Hoong Kheong	2,728,800	0.60
22.	Ong Fee Chong	2,128,161	0.47
23.	Ng Boo Kean @ Ng Beh Kian	1,621,100	0.36
24.	Ong Chun-Chiat	1,612,600	0.35
25.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Foo Lai Hooi	1,550,000	0.34
26.	Low Poh Chan	1,542,690	0.34
27.	Koo King Tong	1,510,000	0.33
28.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Sim Liang Kang @ Sim Leong Keng	1,494,000	0.33
29.	Malacca Equity Nominees (Tempatan) Sdn Bhd exempt an for Phillip Capital Management Sdn Bhd	1,492,280	0.33
30.	Bakti Capaian Sdn Bhd	1,490,600	0.33

SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)

(as per Register of Substantial Shareholders)

No.	Shareholder	Direct Interest	%	Indirect Interest	%
1	LWC Capital Sdn Bhd	65,098,526	14.27	-	-
2	Mejar (K) Datuk Wira Lee Wah Chong	46,382,549	10.17	69,321,731	15.20
3	Star Heritage Development Sdn Bhd	23,126,400	5.07	-	-
4	Lim Guat Deu	-	-	23,126,400	5.07
5	Loo Ah Moy @ Loh Ng Looi	14,248,300	3.12	23,126,400	5.07

ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 29 JANUARY 2016

DIRECTORS' SHAREHOLDING (Direct & Indirect)

(as per Register of Directors' Shareholdings)

Name Of Directors	Direct Interest	%	Indirect Interest	%
Tan Sri Datuk Mohd Zaman Khan @ Hassan B. Rahim Khan	-	-	-	-
Mejar (K) Datuk Wira Lee Wah Chong	46,382,549	10.17	69,321,731	15.20
Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
See Tai Soon	-	-	-	-
Lee Mely	-	-	-	-
Lee Jin Jean	328,571	0.07	-	-
Lee Chun Szen	328,571	0.07	-	-

Notes:

* Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act") and the shareholding of his spouse pursuant to Section 134(12)(c) of the Act.

Based on the issued and paid-up capital of the Company of 463,412,818 ordinary shares less 7,372,808 treasury shares retained by the Company as per Record of Depositors.

ANALYSIS OF WARRANT A HOLDINGS AS AT 29 JANUARY 2016

No. of Warrant A Issued	:	101,849,185
No. of Warrant A Exercised	:	50,000
No. of Warrant A Unexercised	:	101,799,185
Exercise Period	:	8 February 2007 to 7 February 2017

ANALYSIS BY SIZE OF WARRANT A HOLDINGS

Size of Holdings	No. of Holders	No. of Warrant A	%
Less than 100 warrants	170	6,163	0.01
100 to 1,000 warrants	47	17,297	0.02
1,001 to 10,000 warrants	218	1,082,928	1.06
10,001 to 100,000 warrants	565	21,845,806	21.46
100,001 to less than 5% of issued warrants	185	78,846,991	77.45
5% and above of issued warrants	0	0	0.00
	1,185	101,799,185	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT A

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Warrant A Held	%
1.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Tang Sing Ling	3,956,899	3.89
2.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Gan Seong Liam	3,900,000	3.83
3.	RHB Capital Nominees (Tempatan) Sdn Bhd for Gan Seong Liam	3,100,000	3.05
4.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Twee Yong	2,596,800	2.55
5.	Lim Keng Chuan	2,308,900	2.27
6.	GV Asia Fund Limited	1,964,695	1.93
7.	Tang Boon Huat	1,915,000	1.88
8.	Sim Heok Hoo	1,910,000	1.88
9.	Sonny Geh Sim Chong	1,718,600	1.69
10.	Ng Hock Lai	1,635,027	1.61
11.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Chau @ Peh Chai Chau	1,500,000	1.47

ANALYSIS OF WARRANT A HOLDINGS AS AT 29 JANUARY 2016

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT A (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Warrant A Held	%
12.	Ong Fee Chong	1,357,450	1.33
13.	Chai Chau @ Peh Chai Chau	1,208,600	1.19
14.	Public Invest Nominees (Tempatan) Sdn Bhd exempt an for Phillip Securities Pte Ltd	1,200,000	1.18
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd exempt an for UOB Kay Hian Pte Ltd	1,100,000	1.08
16.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Kerk Kheng Hock	1,066,341	1.05
17.	Chua Mooi Hua	1,059,252	1.04
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Kek Lian Lye	1,051,000	1.03
19.	Ng Teck Chong	1,030,083	1.01
20.	Cheah Teik Chuan	1,001,000	0.98
21.	Gan Seong Liam	1,000,000	0.98
22.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Sim Leong Yew	969,400	0.95
23.	Maybank Nominees (Tempatan) Sdn Bhd for Lai Choi Sang	920,990	0.90
24.	Choo Swee Shyang	757,875	0.74
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Eng Nam	750,000	0.74
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Neo Tsuey Khem	750,000	0.74
27.	Tan Joon Wei	650,000	0.64
28.	Low Hun Kee	620,000	0.61
29.	Maybank Nominees (Tempatan) Sdn Bhd for Wong Hoong Kheong	604,332	0.59
30.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Boon Pock	600,000	0.59

ANALYSIS OF WARRANT A HOLDINGS

AS AT 29 JANUARY 2016

DIRECTORS' WARRANT A HOLDINGS (Direct & Indirect)

(as per Register of Directors' Warrant A Holdings)

Name Of Directors	Direct Interest	%	Indirect Interest	%
Tan Sri Datuk Mohd Zaman Khan @ Hassan B. Rahim Khan	-	-	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	-	-
Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
See Tai Soon	-	-	-	-
Lee Mely	-	-	-	-
Lee Jin Jean	-	-	-	-
Lee Chun Szen	-	-	-	-

ANALYSIS OF WARRANT B HOLDINGS

AS AT 29 JANUARY 2016

No. of Warrant B Issued	:	74,024,334
No. of Warrant B Exercised	:	NIL
No. of Warrant B Unexercised	:	74,024,334
Exercise Period	:	5 April 2013 to 4 April 2023

ANALYSIS BY SIZE OF WARRANT B HOLDINGS

Size of Holdings	No. of Holders	No. of Warrant B	%
Less than 100 warrants	78	3,432	0.00
100 to 1,000 warrants	75	48,138	0.07
1,001 to 10,000 warrants	539	2,379,484	3.21
10,001 to 100,000 warrants	408	16,255,038	21.96
100,001 to less than 5% of issued warrants	98	36,959,242	49.93
5% and above of issued warrants	2	18,379,000	24.83
	1,200	74,024,334	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT B

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Warrant B Held	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for LWC Capital Sdn Bhd	13,595,019	18.37
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Mejar (K) Datuk Wira Lee Wah Chong	4,783,981	6.46
3.	Gan Seong Liam	2,838,000	3.83
4.	Chang Mui Lang	1,800,000	2.43
5.	Lim Keng Chuan	1,780,200	2.40
6.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Siow Chock Shume	1,516,300	2.05
7.	Tang Boon Huat	1,504,400	2.03
8.	Koo Yin @ Koo Kwee Yin	1,399,890	1.89
9.	Abdul Sathar Bin M S M Abdul Kadir	1,300,000	1.76
10.	Lee Sim Nee	1,000,000	1.35
11.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheng Nyoh Moy	915,000	1.24
12.	Lim Ah Kow	855,000	1.16
13.	Koo King Tong	700,000	0.95

ANALYSIS OF WARRANT B HOLDINGS

AS AT 29 JANUARY 2016

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT B (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Warrant B Held	%
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Teo Ah Seng	644,500	0.87
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Wong Hoong Kheong	623,550	0.84
16.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Kho Ping	600,000	0.81
17.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Koh Chin Koon	549,475	0.74
18.	Lim Seok Kim	521,800	0.70
19.	Ong Fee Chong	456,034	0.62
20.	Tan Ho Foot	431,500	0.58
21.	Chan Shuk Ling	420,000	0.57
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Boon Huat	420,000	0.57
23.	Tay Hock Tiam	418,900	0.57
24.	Foong Poh Leen	413,000	0.56
25.	Siti Zarwanie Binti Zakaria	400,000	0.54
26.	Tee Hock Seng	400,000	0.54
27.	Tor Kian Hong	400,000	0.54
28.	Wee Bian Whatt	400,000	0.54
29.	Lau Tee Ping	371,700	0.50
30.	Yat Yee Tong	340,060	0.46

ANALYSIS OF WARRANT B HOLDINGS

AS AT 29 JANUARY 2016

DIRECTORS' WARRANT B HOLDINGS (Direct & Indirect)

(as per Register of Directors' Warrant B Holdings)

Name Of Directors	Direct Interest	%	Indirect Interest	%
Tan Sri Datuk Mohd Zaman Khan @ Hassan B. Rahim Khan	-	-	-	-
Mejar (K) Datuk Wira Lee Wah Chong	4,783,981	6.46	13,605,186*	18.38
Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
See Tai Soon	-	-	-	-
Lee Mely	-	-	-	-
Lee Jin Jean	-	-	-	-
Lee Chun Szen	-	-	-	-

* Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act") and the shareholding of his spouse pursuant to Section 134(12)(c) of the Act.

LIST OF PROPERTIES

AS AT 30 SEPTEMBER 2015

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
Lot 4.119, 4th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur.	An Intermediate office lot in a 9 storey shopping-cum-office block/ Office Unit	366	Freehold	37 years	47,040	1994
B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	346,120	1997
B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	392,109	1997
B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	280,795	1998
B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	294,513	2001
B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	267,266	2001
B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	279,981	2002
B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	301,749	2002
B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	20 years	435,488	2003
No 3, Jalan TU-3, Taman Tasik Utama, Ayer Keroh, 75450 Melaka.	Double storey shop house	Build-up area: 2,860, land area: 1,540	leasehold for 99 years expiring on 29/3/2097	15 years	141,294	2002

LIST OF PROPERTIES

AS AT 30 SEPTEMBER 2015

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
28-1A, Jalan Sungai Chandong 9, Bandar Armada Putra, Pulau Indah, 42100 Pelabuhan Klang, Selangor	An intermediate office lot in a 4 storey shop/ Office Unit	644	Leasehold for 99 years expiring on 11/3/2095	13 years	45,000	2005
C19, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	A corner office lot in 4 storey shop/ Office unit	Build-up area: 8,124, land area: 1,920	Leasehold for 99 years expiring on 7/5/2083	22 years	1,013,008	2005
500, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	Double Storey commercial building	Build-up area: 8,938, land area: 6,175	Leasehold for 99 years expiring on 2/2/2076	23 years	2,737,578	2010
499, Jalan 5, Taman Ampang Utama, 68000 Ampang, Selangor	Vacant land	Land area: 8150	Leasehold for 99 years expiring on 25/1/2077	N/A	2,383,814	2011
1-2-37, I-Avenue, Medan Kampung Relau 1, Bayan Lepas, 11900 Penang	An intermediate office lot in a 4 storey shop/ Office Unit	978	Freehold	4 years	363,183	2012
C1-0419, Jalan Indah 15, Taman Bukit Indah, Nusajaya, Johor	An intermediate office lot in a 5 storey shop/ Office Unit	947	Freehold	3 year	367,675	2013
PT 834 Melaka Tengah, Kawasan Bandar XXX1X	Vacant Land	4290	Leasehold for 99 years expiring on 29/6/2107	N/A	1,288,353	2011
5A-2, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	10 year	103,223	2015
6B-1, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	10 year	108,320	2015
13A-2, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	10 year	101,193	2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Digistar Corporation Berhad will be held at De Palma Hotel Ampang, Jalan Selaman 1/2 Palm Square, Ampang Point, Jalan Ampang, 68000 Ampang, Selangor Darul Ehsan on Thursday, 24 March 2016 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Businesses:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2015 together with the Reports of the Directors and Auditors thereon. **(Refer to Explanatory Note 1)**
2. To re-elect the following Directors who are retiring under Article 86 of the Articles of Association of the Company:
 - 2.1 Mejar (K) Datuk Wira Lee Wah Chong **(Ordinary Resolution 1)**
 - 2.2 Lee Jin Jean **(Ordinary Resolution 2)**
3. To re-elect Lee Chun Szen who is retiring under Article 92 of the Articles of Association of the Company. **(Ordinary Resolution 3)**
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

“THAT, Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting”.

(Ordinary Resolution 4)
5. To re-appoint Messrs Crowe Horwath as Auditors for the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

As Special Businesses:

To consider and if thought fit, pass the following Ordinary Resolutions:

6. **Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965**

“THAT, subject to the Companies Act, 1965 the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad.”

(Ordinary Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

7. Proposed Renewal of Authority to Purchase the Company's Own Shares

"THAT, subject to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Directors of the Company, with effect from the date on which this resolution is passed, be and are hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through the Main Market of Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of ordinary shares purchased and/or retained by the Company as treasury shares pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company during the authorised period;
- (ii) the maximum fund allocated by the Company for the Share Buy-back shall not exceed the total retained profits and share premium account of the Company and based on the Audited Financial Statements as at 30 September 2015, the retained profits and share premium account of the Company were RM7,446,454 and RM29,225,123 respectively. Based on the unaudited First Quarter results for the period ended 31 December 2015, the retained profits and share premium account of the Company were RM7,422,881 and RMRM29,225,123 respectively.
- (iii) the authority conferred by this resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first; and
- (iv) upon completion of the purchase(s) of the shares by the Company, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:
 - (a) cancel all the shares so purchased; or
 - (b) retain the shares so purchased as treasury shares; or
 - (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
 - (d) distribute the treasury shares as dividend to shareholders and/or resell on the market of Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made (**Ordinary Resolution 7**) pursuant to the Act and the Listing Requirements of the Bursa Securities and any other relevant authority for the time being in force."

BY ORDER OF THE BOARD

TAN BEE HWEE (MAICSA 7021024)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Kuala Lumpur
29 February 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Thirteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17 March 2016. Only a depositor whose name appears on the Record of Depositors as at 17 March 2016 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation under its common seal or the hands of its attorney.
5. The instrument appointing a proxy or the power of attorney (if any) under which it is signed or an office copy or notariably certified copy thereof shall be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the meeting.
6. If the Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

Explanatory Notes

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 6 of the Agenda

The Ordinary Resolution 6 is proposed to seek for a renewal of general authority pursuant to Section 132D of the Companies Act, 1965, if passed, it will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

As at the date of this notice, no new shares in the Company were issued pursuant to the general authority to the Directors for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act") at the 12th Annual General Meeting ("AGM") held on 26 March 2015 and which will lapse at the conclusion of the 13th AGM.

The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organise a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

3. Item 7 of the Agenda

The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to a maximum of ten per centum (10%) of the issued and paid-up share of the Company at any point of time, by utilising the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company, subject to the Act, Listing Requirements of Bursa Securities, any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

Please refer to the Statement to Shareholders as set out in this Annual Report for further information.



FORM OF PROXY

DIGISTAR CORPORATION BERHAD
(603652-K)
(Incorporated in Malaysia)

CDS Account No. (i)	
No. of Shares held	

*I/We NRIC/Company No
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

being a member/members of DIGISTAR CORPORATION BERHAD (603652-K), hereby appoint
(FULL NAME IN BLOCK CAPITALS)

NRIC No. of
(FULL ADDRESS)

or failing *him/her,
(FULL NAME IN BLOCK CAPITALS)

NRIC No. of
(FULL ADDRESS)

or failing *him/her, *the Chairman of the Meeting as *my/our proxy to attend and vote on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at De Palma Hotel Ampang, Jalan Selaman 1/2, Palm Square, Ampang Point, Jalan Ampang, 68000 Ampang, Selangor Darul Ehsan on Thursday, 24 March 2016 at 10.30 a.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below:

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.)

(i) Applicable to shares held through a nominee account.
* Delete where applicable

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Signed this day of 2016

Signature/Common Seal of Member

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

- For the purpose of determining a member who shall be entitled to attend, speak and vote at the Thirteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17 March 2016. Only a depositor whose name appears on the Record of Depositors as at 17 March 2016 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
- A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation under its common seal or the hands of its attorney.
- The instrument appointing a proxy or the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the meeting.
- If the Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

Fold this flap for sealing

Then fold here

AFFIX
STAMP



DIGISTAR CORPORATION BERHAD

COMPANY SECRETARY

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st fold here



**DIGISTAR
CORPORATION BERHAD**
(COMPANY NO.: 603652-K)

B6/4/4, 3rd Floor
One Ampang Business Avenue
Jalan Ampang Utama 1/2
68000 Ampang
Selangor Darul Ehsan
Tel: 03-4253 4319 Fax: 03-4257 2168

www.digistar.com.my