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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of DIGISTAR CORPORATION BERHAD will be held at Embassy 1, 12th Floor, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 22 March 2005 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Financial Statements for the financial year ended 30 September 2004 together with the Reports of the Directors and Auditors thereon. Ordinary Resolution 1
2. To re-elect the following directors who are retiring under Article 86 of the Articles of Association of the Company:
 - (i) Datuk Haji Hasan Bin Malek; and Ordinary Resolution 2
 - (ii) Ir Loh Khoo Hong Ordinary Resolution 3
3. To re-elect Ab Wahab Bin Ab Latip who is retiring under Article 92 of the Articles of Association of the Company. Ordinary Resolution 4
4. To approve the sum of RM90,000.00 being the directors' fees for the financial year ended 30 September 2004. Ordinary Resolution 5
5. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 6
6. **Special Businesses:**

To consider and if thought fit, pass the following resolutions:

- (I) Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** Ordinary Resolution 7

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

- (II) Proposed Amendment to the Company's Articles of Association** Special Resolution 1

"THAT the Company's Articles of Association be hereby amended by deleting the existing Article 77 in its entirety and replaced by a new Article 77:

The existing Article 77 reads as follows:

77. Unless and until otherwise determined by the Company in general meeting the Directors shall not be less than two (2) nor more than seven (7).

The new Article 77 shall reads as follows:

77. Unless and until otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2) nor more than nine (9)."

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
TAN FONG SHIAN @ LIM FONG SHIAN (MAICSA 7023187)

COMPANY SECRETARIES

Kuala Lumpur
28 February 2005

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. If a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. 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.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, No. 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.

Explanatory Note on the Special Businesses

Ordinary Resolution 7

Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of the Second Annual General Meeting, to issue shares (other than bonus or rights issue) of the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purpose as they considered would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Special Resolution 1

Proposed Amendment to the Company's Articles of Association

The proposed Special Resolution 1, if passed, will enable the Directors to appoint additional directors to the Board of the Company to enhance wide range of skills and experience of the Board of Directors in line with the increase in the Group's businesses.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Haji Hasan Bin Malek	(Executive Chairman)
Lee Wah Chong	(Managing Director)
Ong Fee Chong	(Executive Director)
Wa Siew Yam	(Executive Director)
Lee Mely	(Non-Independent Non-Executive Director)
Ab Wahab Bin Ab Latip	(Independent Non-Executive Director)
Ir. Loh Khoon Hong	(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman

Ab Wahab Bin Ab Latip	(Independent Non-Executive Director)
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Member

Ir. Loh Khoon Hong	(Independent Non-Executive Director)
Ong Fee Chong	(Executive Director)

COMPANY SECRETARIES

Mah Li Chen	(MAICSA 7022751)
Tan Fong Shian @ Lim Fong Shian	(MAICSA 7023187)

REGISTERED OFFICE

C15-1, Level 15, Tower C
Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2166 2000 Fax : 03-2166 3000

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

AUDITORS

Horwath
Chartered Accountants
Level 16, Tower C
Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

PLACE WHERE REGISTER OF OPTIONS IS KEPT

B5/5/5, 4rd Floor
One Ampang Business Avenue
Jalan Ampang Utama 1/2
68000 Ampang
Selangor Darul Ehsan

CORPORATE INFORMATION (Cont'd)

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
 Level 13, Uptown 1
 No. 1, Jalan SS21/58
 Damansara Uptown
 47400 Petaling Jaya
 Selangor Darul Ehsan
 Tel : 03-7725 4888 Fax : 03-7722 2311

SPONSOR

Hwang-DBS Securities Berhad
 Suite 23A-01, 23A Floor
 Menara Keck Seng
 203, Jalan Bukit Bintang
 55100 Kuala Lumpur
 Tel : 03-2143 7888 Fax : 03-2148 2989

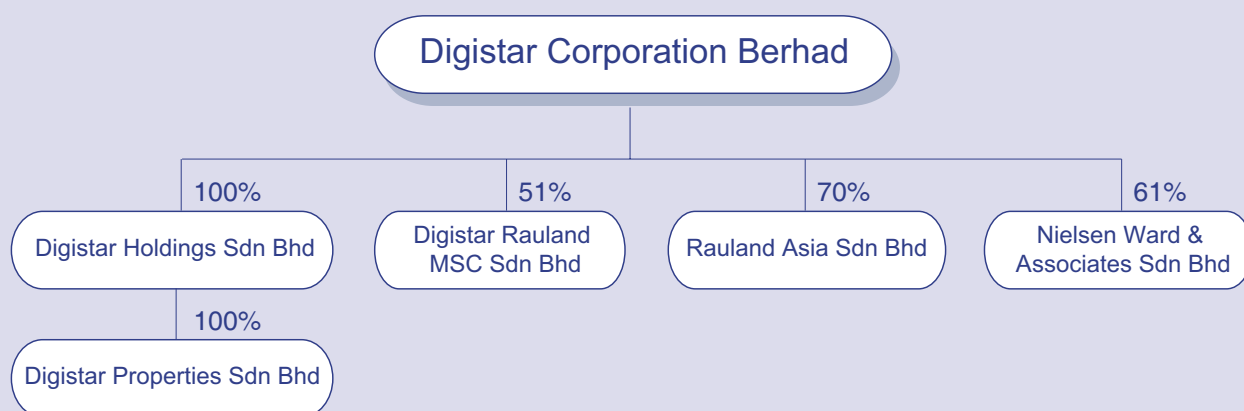
PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

MESDAQ Market of the Bursa Malaysia Securities Berhad ("Bursa Securities")
 Stock Name : DIGISTA
 Stock Code : 0029

GROUP STRUCTURE AS AT 31 JANUARY 2005



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and Financial Statements of Digistar Corporation Berhad ("Digistar or Company") for the financial year ended 30 September 2004.

ECONOMIC REVIEW

The Malaysian economy registered a Gross Domestic Product ("GDP") growth rate of 7.0% for 2004 as compared to 5.3% for 2003. The Malaysian economy is expected to continue its growth momentum in 2005, albeit at a more moderate pace of 6.0%. On the overall, economic conditions were generally favourable during the financial year ended 30 September 2004 with the Group registering another year of record performance.

FINANCIAL AND OPERATIONAL REVIEW

For the financial year ended 30 September 2004, the Group registered revenue of RM51.2 million, a 25% increase over the RM41.1 million achieved the previous year. The Group's pre-tax profit for the year under review was RM7.8 million, comfortably surpassing the previous year's level of RM6.5 million by 20% or RM1.3 million. After accounting for tax and minority interest, the net profit attributable to shareholders of the Company was RM5.4 million for the financial year ended 30 September 2004 compared to RM4.6 million (including pre-acquisition profit of RM4.0 million) for the financial period ended 30 September 2003.

The record revenue and profits for the financial year that just ended was principally due to higher revenue from the core system integration business. During the financial year, the Group had completed or at the advance stages of completing some notable projects which include Automated Digital Newsroom System Integration for Kementerian Penerangan Malaysia, Hospital Sungai Buloh and Hospital Temerloh.

The Group constantly focused on its core competency in the provision of 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.

DIVIDENDS

In view of the record performance of the Group, the Board had declared dividends as follows for the financial year ended 30 September 2004 after taking into account the cash requirements of the Group:

- a) A first interim dividend of 20% or 2 sen per ordinary share of RM0.10 each less tax of 28% was paid to shareholders on 24 February 2004.
- b) On 23 November 2004, the Board had declared a second interim dividend of 20% or 2 sen per ordinary share of RM0.10 each less tax of 28% payable to entitled shareholders on 23 December 2004.

The two interim dividends amounting to 40% resulted in a total dividend pay out of RM2.5 million for the financial year ended 30 September 2004.

PROSPECTS

Prospects for the year ahead are expected to be more challenging in line with the prudent 2005 Malaysian Budget. However, the federal government's allocation of RM7.9 billion to upgrade the existing healthcare system to cater for the ongoing construction of new hospitals and upgrading of existing hospitals to improve healthcare standards would possibly generate increased demand for the Group's products and services.

CHAIRMAN'S STATEMENT (Cont'd)

PROSPECTS (Cont'd)

Under the Ninth Malaysian Plan, Malaysia will transform itself into a developed nation with a knowledge-based society, the demand for education and healthcare will increase over time. These shall provide further expansion opportunity to Digistar, particularly in the education and healthcare sectors. Barring any unforeseen circumstances, the Board is confident of maintaining the growth in the coming year.

UTILISATION OF PROCEEDS

As at 30 September 2004, the status of the utilisation of the proceeds raised from the Public Issue pursuant to the listing of the Company on the MESDAQ Market of Bursa Securities on 7 November 2003 amounting to RM12.72 million is as follows:

	As approved by the Securities Commission & Bursa Securities RM'000	Actual Utilisation RM'000	Balance RM'000
Investment in DRMSB	1,000	290	710
Capital expenditure for office expansion	3,100	1,008	2,092
Future business expansion	1,000	198	802
Renovation and upgrading of showroom	200	72	128
Purchase of fixed assets	1,000	336	664
Repayment of term loan	753	753	-
Working capital	4,472	4,679	(207) #
Estimated listing expenses	1,200	993	207 #
Total	12,725	8,329	4,396

The balance of the estimated listing expenses was utilised for working capital purpose.

BOARD CHANGES

Datuk Haji Ab Karim Bin Sulaiman resigned as Executive Chairman on 27 April 2004. On behalf of the Board, I wish to record my appreciation for his invaluable contributions during his tenure in office.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to extend my sincere gratitude and appreciation to the management team and staff for their commitment and contribution to the Group's success; our customers, business associates and most importantly, our shareholders for their continuing support of the Group.

Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support throughout the years.

Datuk Haji Hasan Bin Malek
Executive Chairman

DIRECTORS' PROFILE



DATUK HAJI HASAN BIN MALEK

Datuk Haji Hasan Bin Malek, aged 59, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003 and is the Chairman of the Audit Committee of Digistar Corporation Berhad. He was redesignated as Executive Chairman of the Company on 23 November 2004. He resigned as the Chairman of the Audit Committee on 1 December 2004. He graduated with a Bachelor of Arts (Hons.) degree in Sociology from the University of Malaya in 1973 and obtained a Diploma in Development Administration from the University of Manchester, United Kingdom in 1978. He joined the State Economic Development Corporation, Negeri Sembilan in 1973 where he last served as a Deputy General Manager. He is currently the elected Member of Parliament of Kuala Pilah Constituency. Datuk Haji Hasan is also a director of AKN Messaging Technologies Berhad.



LEE WAH CHONG

Lee Wah Chong, aged 47, was appointed to the Board of Directors of the Company on 18 August 2003. He was one of the founders of its subsidiary company, Digistar Holdings Sdn Bhd. Mr Lee 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. As the Managing Director of the Group, Mr Lee has been the main driving force of the Group, which has recorded steady growth over the last twenty-two (22) years. His sound technical background and management skills have taken the Group to the forefront of the system integration industry.



ONG FEE CHONG

Ong Fee Chong, aged 34, was appointed to the Board of Directors of the Company on 18 August 2003. Mr Ong graduated with first class honours degree in Electrical and Electronic Engineering from the University of Glamorgan, United Kingdom in 1993. He started his career as a Project Engineer in 1994 with Theatre Project Sdn Bhd, a subsidiary of Lim Kim Hai Berhad. He joined Digistar Holdings Sdn Bhd in 1996 as Project Manager and was subsequently promoted to Project Director in 1997. Mr Ong has more than nine (9) years of experience in the system integration industry.



WA SIEW YAM

Wa Siew Yam, aged 46, was appointed to the Board of Directors of the Company on 18 August 2003. As a diploma holder in Commerce from College Tunku Abdul Rahman, she began her professional career as Accounts Assistant with Chin Siew Fui Poultry Farm in 1978. Subsequently in 1981, she was a Leasing Executive with Lion Leasing Sdn Bhd for six (6) years. After which, she joined Umatrac Insuran Sdn Bhd as an Insurance Claim Manager in 1987.

DIRECTORS' PROFILE (Cont'd)



LEE MELY

Lee Mely, aged 43, was appointed to the Board of Directors of the Company on 18 August 2003. She graduated with a Certificate in Business Studies from the Goon Institute, Petaling Jaya in 1981. She then worked in Hagemeyer Industries (M) Sdn Bhd as an Assistant to an Accountant for two (2) years. Subsequently, she joined Segabina Sdn Bhd in 1986 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 was registered as a Licensed Company Secretary under the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA) in 1997.



AB WAHAB BIN AB LATIP

Ab Wahab Bin Ab Latip, aged 49, was appointed as an Independent Non-Executive Director of the Company on 27 April 2004. He was subsequently appointed as the Chairman of the Audit Committee of the Company on 1 December 2004. He graduated from Maktab Perguruan Lembah Pantai with a Certificate in Education in 1980 and later obtained his Diploma in Public Administration from Universiti Institute Teknologi Mara in 1989. He has been actively involved in government activities and was a member of the City Council of Alor Gajah, Melaka for 2 years. He served as a primary school teacher for 24 years and has retired on 12 March 2004. Currently, he is the elected State Assemblyman of Rembia Constituency, Melaka.



IR. LOH KHOON HONG

Ir. Loh Khoon Hong, aged 61, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003. He was awarded a Bachelor of Engineering (Hons.) degree in Electrical Engineering from the University of Malaya in 1968. He is a Professional Engineer registered with the Board of Engineers in Malaysia and is a Fellow of The Institution of Engineers, Malaysia and The Institution of Electrical Engineers, United Kingdom. He is also a member of The Institution of Engineers, Singapore and Chartered Institution of Building Services Engineer, United Kingdom.

He has served the Public Works Department ("Jabatan Kerja Raya"), Malaysia for twenty-seven (27) years during which he held various senior positions as Electrical Engineer, Senior Electrical Engineer, Senior Assistant Director of Design and Senior Assistant Director of Maintenance Unit. He retired from the Public Works Department in 1996 to establish an electrical services firm, HPS Electrical Engineering.

AUDIT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

Chairman: Ab Wahab Bin Ab Latip / Independent Non-Executive Director (appointed on 1 December 2004)
Datuk Haji Hasan Bin Malek / Independent Non-Executive Director (resigned on 1 December 2004)

Members: Loh Khoon Hong / Independent Non-Executive Director
Ong Fee Chong / Executive Director

2. TERMS OF REFERENCE

a) Composition of Audit Committee

The Committee shall be appointed from amongst the Board of Directors and shall comprise at least three (3) members, a majority of whom shall be independent directors. The chief executive officer of the Company shall not be a member of the Audit Committee.

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 3 months.

b) Chairman

The Chairman, who shall be elected by the Audit Committee, must be an independent director.

c) Secretary

The Company Secretary shall be the Secretary of the 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 to 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.

The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The 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 (if any); and
- (vi) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company.

AUDIT COMMITTEE REPORT (Cont'd)

2. TERMS OF REFERENCE (Cont'd)

f) Duties

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

- (i) the nomination of external auditors;
- (ii) the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (iii) the effectiveness of the internal control and management information systems;
- (iv) the financial statements of the Company with both the external auditors and management;
- (v) the external auditor's audit report;
- (vi) any management letter sent by the external auditors to the Company and the management's response to such letter;
- (vii) any letter of resignation from the Company's external auditors;
- (viii) the assistance given by the Company's officers to the external auditors;
- (ix) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (x) all related party transactions and potential conflict of interest situations.

3. SUMMARY OF ACTIVITIES

There were four (4) Audit Committee meeting held during the financial year ended 30 September 2004. The number of meetings attended by the Committee Members is as follows:-

	ATTENDANCE/ ENTITLEMENT
Ab Wahab Bin Ab Latip (appointed on 1 December 2004)	0/0
Datuk Haji Hasan Bin Malek (resigned on 1 December 2004)	4/4
Loh Khoo Hong	4/4
Ong Fee Chong	3/4

4. INTERNAL AUDIT FUNCTION

Presently, the Group does not have an internal audit department and the Audit Committee relied on discussions with the management and executive directors, review of quarterly financial statements and input from the external auditors to discharge its duties.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Below is the Board of Directors' Statement on Internal Control which has been prepared with reference to the Bursa Securities' "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

RESPONSIBILITIES

The Board of Directors recognises the importance of a sound system of internal control and effective risk management practises to good corporate governance. The Board affirms its overall responsibility and reviews the adequacy and integrity of the system of internal control. However, it is recognised that such system is designed to manage rather than eliminate risk and improve the governance process. Hence, it is recognised that the evaluation and implementation of the system can only provide reasonable, and not absolute, assurance against any material loss occurrence.

RISK MANAGEMENT

The Board recognises that to ensure the review process for identifying, evaluating and managing the significant risks affecting the Group, the internal control procedures with clear lines of accountability and delegated authority has to be established. Presently, the Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. Throughout the financial year, the Board has evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency as well as its profitability.

DIRECTORS' 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 2004.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 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
Profit attributable to shareholders of the Company	<u>5,449,626</u>	<u>3,189,126</u>

DIVIDENDS

Since the end of the previous financial period, the Company:-

- (a) paid a first interim dividend of 20% less tax of 28% amounting to RM1,201,469 in respect of the financial year ended 30 September 2004 on 24 February 2004, based on the issued and fully paid-up ordinary share capital of RM8,343,533 on 11 February 2004; and
- (b) declared a second interim dividend of 20% less tax of 28% amounting to RM1,249,781 in respect of the financial year ended 30 September 2004 on 23 November 2004 and payable on 23 December 2004, based on the issued and fully paid-up ordinary share capital of RM8,679,033 on 10 December 2004.

The directors do not recommend the payment of any final dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM6,257,533 to RM8,359,633 by way of:-
 - (i) the issuance of 20,860,000 new ordinary shares of RM0.10 each at an issue price of RM0.55 per share pursuant to the public issue in conjunction with the flotation scheme of the Company; and
 - (ii) the issuance of 161,000 new ordinary shares of RM0.10 each for cash arising from the exercise of the options granted pursuant to the Company's Employees' Share Option Scheme, at an exercise price of RM0.55 per ordinary share.

The abovementioned shares rank pari passu with the then existing issued shares of the Company.

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

DIRECTORS' REPORT (Cont'd)

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 except for the share options granted pursuant to the ESOS.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR THE "SCHEME")

The Company's Employees' Share Option Scheme is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 August 2003. The ESOS was implemented on 6 November 2003 and is to be in force for a period of 5 years from the date of implementation. The movement in the options to subscribe for new shares of RM0.10 each in the Company at an exercise price of RM0.55 per share is as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH UNDER OPTION
Offered on 6 November 2003 and accepted	14,781,000
Exercised during the financial year	(161,000)
Lapsed due to resignations	(1,609,800)
At 30 September 2004	<u>13,010,200</u>

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, who were granted less than 500,000 options during the financial year. Eligible employees who were granted options under the ESOS for and in excess of 500,000 ordinary shares each are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH GRANTED UNDER OPTION AT EXERCISE PRICE OF RM0.55			
	OPTIONS GRANTED	EXERCISED	LAPSED	AT 30.9.2004
LEE WAH CHONG	2,288,000	-	-	2,288,000
ONG FEE CHONG	2,288,000	-	-	2,288,000
WA SIEW YAM	1,710,000	-	-	1,710,000
YB DATUK HAJI AB KARIM BIN SULAIMAN	1,134,000	-	1,134,000	-
YAP KWAI LIN	540,000	-	-	540,000
CHONG CHEE WOON	500,000	-	-	500,000
LIM SENG KEAT	500,000	16,000	-	484,000
LYE SIANG LONG	500,000	-	-	500,000
MOHD NOBELI BIN KARIM	500,000	-	-	500,000
SAW SIONG YIH	500,000	-	-	500,000

The main features of the ESOS are as follows:-

- any employees (including executive directors) who are at least 18 years old, and have been confirmed and served in full time and on the payroll employment of any company within the Group for a continuous period of at least one year shall be eligible to participate in the Scheme;
- in the case of the executive directors of the Company and persons connected to them, their specific entitlements under the Scheme shall be approved by the shareholders of the Company in a general meeting;

DIRECTORS' REPORT (Cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR THE "SCHEME") (Cont'd)

- (c) the total number of new ordinary shares of the Company which may be made available under the Scheme shall not exceed thirty per cent (30%) of the total issued and paid-up share capital of the Company at any time during the existence of the Scheme which shall expire on 6 November 2008;
- (d) not more than fifty per cent (50%) of the new ordinary shares of the Company available under the Scheme should be allocated, in aggregate, to the executive directors and senior management of the Group;
- (e) not more than twenty five per cent (25%) of the new ordinary shares of the Company available under the Scheme should be allocated to any individual eligible employee;
- (f) the price at which the option holder is entitled to subscribe for each new ordinary share of the Company may be at a discount of not more than ten per cent (10%) (if deemed appropriate by the Options Committee) from the five (5) day weighted average market price of ordinary shares as at the offer date provided that the subscription price shall not be less than the par value of the ordinary share; and
- (g) the shares to be allotted upon any exercise of an option will upon allotment rank pari passu in all respects with the existing issued and paid-up shares of 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 doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts 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.

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 are disclosed in Note 36 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.

DIRECTORS' REPORT (Cont'd)

CONTINGENT AND OTHER LIABILITIES (Cont'd)

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:-

YB DATUK HAJI HASAN BIN MALEK
 AB WAHAB BIN AB LATIP (APPOINTED ON 27.4.2004)
 LEE WAH CHONG
 ONG FEE CHONG
 WA SIEW YAM
 LEE MELY
 IR. LOH KHOON HONG
 YB DATUK HAJI AB KARIM BIN SULAIMAN (RESIGNED ON 27.4.2004)

Pursuant to Article 86 of the Articles of Association of the Company, YB Datuk Haji Hasan Bin Malek and Ir. Loh Khoo Hong retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 92 of the Articles of Association of the Company, AB Wahab Bin AB Latip, who was appointed since the last annual general meeting, retires at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

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 1.10.2003	BOUGHT	SOLD	AT 30.9.2004
<i>DIRECT INTERESTS</i>				
LEE WAH CHONG	6,884,951	38,900	3,800,000	3,123,851
ONG FEE CHONG	1,479,055	-	1,000,000	479,055
WA SIEW YAM	560,615	-	200,000	360,615

DIRECTORS' REPORT (Cont'd)**DIRECTORS' INTERESTS (Cont'd)**

	AT 1.10.2003	NUMBER OF ORDINARY SHARES OF RM0.10 EACH		AT 30.9.2004
		BOUGHT	SOLD	
<i>INDIRECT INTERESTS</i>				
LEE WAH CHONG ⁽¹⁾	48,809,397	-	-	48,809,397
ONG FEE CHONG ⁽¹⁾	-	48,809,397	-	48,809,397

⁽¹⁾ Interest held through Kenangan Lampiran Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

	AT 1.10.2003	NUMBER OF OPTIONS UNDER ESOS		AT 30.9.2004
		OPTIONS GRANTED	EXERCISED	
LEE WAH CHONG	-	2,288,000	-	2,288,000
ONG FEE CHONG	-	2,288,000	-	2,288,000
WA SIEW YAM	-	1,710,000	-	1,710,000

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

By virtue of their interest in shares in the Company, Lee Wah Chong and Ong Fee Chong are 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.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event of the Group subsequent to the balance sheet date is disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT (Cont'd)

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 JANUARY 2005

Lee Wah Chong

Ong Fee Chong

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

We, Lee Wah Chong and Ong Fee Chong, being two of the directors of Digistar Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 20 to 46 are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 September 2004 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 JANUARY 2005

Lee Wah Chong

Ong Fee Chong

STATUTORY DECLARATION

I, Lee Wah Chong, I/C No. 580709-04-5219, being the director primarily responsible for the financial management of Digistar Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 25 to 46 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
Lee Wah Chong, I/C No. 580709-04-5219
at Kuala Lumpur in the Federal Territory on this 20 January 2005

Lee Wah Chong

Before me

Haron Hashim (No. W128)

REPORT OF THE AUDITORS TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD

We have audited the financial statements set out on pages 20 to 46. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 30 September 2004 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

20 January 2005

Onn Kien Hoe
Approval No: 1772/11/06 (J/PH)
Partner

BALANCE SHEETS AT 30 SEPTEMBER 2004

	NOTE	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	5,006,188	5,006,057
Property, plant and equipment	7	6,287,129	5,385,531	-	-
		<u>6,287,129</u>	<u>5,385,531</u>	<u>5,006,188</u>	<u>5,006,057</u>
CURRENT ASSETS					
Inventories held for resale	8	1,838,294	1,679,994	-	-
Trade receivables	9	12,309,839	5,665,393	-	-
Amount owing by contract customers	10	4,234,442	2,730,256	-	-
Other receivables, deposits and prepayments		301,593	450,606	-	244,134
Amount owing by subsidiaries	11	-	-	13,874,682	1,007,342
Tax refundable		10,868	-	10,868	-
Fixed deposits with licensed banks	12	9,743,783	3,249,440	-	-
Cash and bank balances		141,587	122,647	22,064	-
		<u>28,580,406</u>	<u>13,898,336</u>	<u>13,907,614</u>	<u>1,251,476</u>
CURRENT LIABILITIES					
Trade payables	13	3,455,444	4,283,340	-	-
Other payables and accruals		860,323	251,984	104,130	4,425
Hire purchase payables	14	355,114	235,128	-	-
Short term borrowings	15	1,265,872	1,160,636	-	-
Bank overdrafts	16	1,823,842	316,870	-	-
Provision for taxation		633,199	1,040,266	-	-
		<u>8,393,794</u>	<u>7,288,224</u>	<u>104,130</u>	<u>4,425</u>
NET CURRENT ASSETS		<u>20,186,612</u>	<u>6,610,112</u>	<u>13,803,484</u>	<u>1,247,051</u>
		<u>26,473,741</u>	<u>11,995,643</u>	<u>18,809,672</u>	<u>6,253,108</u>
FINANCED BY:-					
Share capital	17	8,359,633	6,257,533	8,359,633	6,257,533
Share premium	18	8,466,807	-	8,466,807	-
Negative goodwill	19	4,031,355	4,031,355	-	-
Retained profits/(Accumulated loss)	20	3,554,360	555,984	733,451	(4,425)
Proposed dividends		1,249,781	-	1,249,781	-
SHAREHOLDERS' EQUITY		<u>25,661,936</u>	<u>10,844,872</u>	<u>18,809,672</u>	<u>6,253,108</u>
NON-CURRENT LIABILITIES					
Long term borrowings	21	752,805	1,065,771	-	-
Deferred taxation	22	59,000	85,000	-	-
		<u>26,473,741</u>	<u>11,995,643</u>	<u>18,809,672</u>	<u>6,253,108</u>
NET TANGIBLE ASSETS PER SHARE	23	<u>31 sen</u>	<u>17 sen</u>		

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

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004

		THE GROUP		THE COMPANY	
		1.10.2003 to 30.9.2004 RM	15.1.2003 to 30.9.2003 RM	1.10.2003 to 30.9.2004 RM	15.1.2003 to 30.9.2003 RM
	NOTE				
TURNOVER	24	51,196,746	41,100,947	4,486,279	-
COST OF SALES		(37,071,411)	(30,361,338)	-	-
GROSS PROFIT		14,125,335	10,739,609	4,486,279	-
OTHER OPERATING INCOME		754,112	532,285	-	-
		14,879,447	11,271,894	4,486,279	-
ADMINISTRATIVE EXPENSES		(4,700,006)	(3,392,573)	(167,153)	(4,425)
MARKETING EXPENSES		(1,157,170)	(653,464)	-	-
OTHER OPERATING EXPENSES		(787,907)	(382,735)	-	-
		(6,645,083)	(4,428,772)	(167,153)	(4,425)
PROFIT/(LOSS) FROM OPERATIONS		8,234,364	6,843,122	4,319,126	(4,425)
FINANCE COSTS		(388,935)	(330,069)	-	-
PROFIT/(LOSS) BEFORE TAXATION	25	7,845,429	6,513,053	4,319,126	(4,425)
TAXATION	26	(2,395,872)	(1,925,763)	(1,130,000)	-
PROFIT/(LOSS) AFTER TAXATION		5,449,557	4,587,290	3,189,126	(4,425)
MINORITY INTERESTS		69	49	-	-
		5,449,626	4,587,339	3,189,126	(4,425)
PRE-ACQUISITION PROFIT		-	(4,031,355)	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		5,449,626	555,984	3,189,126	(4,425)
Earnings per share	27				
- basic		7 sen	9 sen		
- fully diluted		6 sen	N/A		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004

		SHARE CAPITAL RM	NON-DISTRIBUTABLE RESERVE SHARE PREMIUM RM	NEGATIVE GOODWILL RM	DISTRIBUTABLE RESERVE RETAINED PROFITS RM	PROPOSED DIVIDENDS RM	TOTAL RM
NOTE							
THE GROUP							
At 15.1.2003 (date of incorporation)		20	-	-	-	-	20
Shares issued pursuant to:							
- Acquisition of subsidiaries		5,006,006	-	-	-	-	5,006,006
- Rights issue		1,251,507	-	-	-	-	1,251,507
Negative goodwill arising from acquisition of subsidiaries		-	-	4,031,355	-	-	4,031,355
Profit attributable to shareholders of the Company		-	-	-	555,984	-	555,984
Balance at 30.9.2003/1.10.2003		6,257,533	-	4,031,355	555,984	-	10,844,872
Shares issued pursuant to:							
- Public issue of shares		2,086,000	9,387,000	-	-	-	11,473,000
- Options exercised under ESOS		16,100	72,450	-	-	-	88,550
Listing expenses incurred		-	(992,643)	-	-	-	(992,643)
Profit attributable to shareholders of the Company		-	-	-	5,449,626	-	5,449,626
Dividends:	28						
- paid		-	-	-	(1,201,469)	-	(1,201,469)
- declared		-	-	-	(1,249,781)	1,249,781	-
Balance at 30.9.2004		8,359,633	8,466,807	4,031,355	3,554,360	1,249,781	25,661,936

		SHARE CAPITAL RM	NON-DISTRIBUTABLE RESERVE SHARE PREMIUM RM	DISTRIBUTABLE RESERVE RETAINED PROFITS/ ACCUMULATED LOSS) RM	PROPOSED DIVIDENDS RM	TOTAL RM
NOTE						
THE COMPANY						
At 15.1.2003 (date of incorporation)		20	-	-	-	20
Shares issued pursuant to:						
- Acquisition of subsidiaries		5,006,006	-	-	-	5,006,006
- Rights issue		1,251,507	-	-	-	1,251,507
Loss after taxation		-	-	(4,425)	-	(4,425)
Balance at 30.9.2003/ 1.10.2003		6,257,533	-	(4,425)	-	6,253,108
Shares issued pursuant to:						
- Public issue of shares		2,086,000	9,387,000	-	-	11,473,000
- Options exercised under ESOS		16,100	72,450	-	-	88,550
Listing expenses incurred		-	(992,643)	-	-	(992,643)
Profit after taxation		-	-	3,189,126	-	3,189,126
Dividends:	28					
- paid		-	-	(1,201,469)	-	(1,201,469)
- declared		-	-	(1,249,781)	1,249,781	-
Balance at 30.9.2004		8,359,633	8,466,807	733,451	1,249,781	18,809,672

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004

	NOTE	THE GROUP		THE COMPANY	
		1.10.2003 to 30.9.2004 RM	15.1.2003 to 30.9.2003 RM	1.10.2003 to 30.9.2004 RM	15.1.2003 to 30.9.2003 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		7,845,429	6,513,053	4,319,126	(4,425)
Pre-acquisition profit		-	(4,031,355)	-	-
		7,845,429	2,481,698	4,319,126	(4,425)
Adjustments for:-					
Allowance for doubtful debts		98,053	-	-	-
Depreciation of property, plant and equipment		693,556	53,921	-	-
Interest expense		193,527	20,474	-	-
Interest income		(334,051)	(13,095)	-	-
Gain on disposal of plant and equipment		(46,654)	-	-	-
Write-back of allowances for doubtful debt		(6,000)	(341,310)	-	-
Operating profit/(loss) before working capital changes		8,443,860	2,201,688	4,319,126	(4,425)
(Increase)/Decrease in inventories		(158,300)	103,840	-	-
(Increase)/Decrease in amount owing by contract customers		(1,504,186)	2,486,265	-	-
(Increase)/Decrease in trade and other receivables		(6,587,486)	(3,717,673)	244,134	(244,134)
(Decrease)/Increase in trade and other payables		(219,557)	494,740	99,705	4,425
CASH FLOW (FOR)/FROM OPERATIONS		(25,669)	1,568,860	4,662,965	(244,134)
Interest paid		(193,527)	(20,474)	-	-
Tax paid		(2,839,807)	(1,871,006)	(1,140,868)	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(3,059,003)	(322,620)	3,522,097	(244,134)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	29	(688,000)	(17,912)	-	-
Proceeds from disposal of plant and equipment		49,500	-	-	-
Net cash inflow on acquisition of subsidiaries	30	-	2,935,300	(131)	(51)
Interest received		334,051	13,095	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(304,449)	2,930,483	(131)	(51)

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

	NOTE	THE GROUP		THE COMPANY	
		1.10.2003 to 30.9.2004 RM	15.1.2003 to 30.9.2003 RM	1.10.2003 to 30.9.2004 RM	15.1.2003 to 30.9.2003 RM
CASH FLOWS FROM/(FOR)					
FINANCING ACTIVITIES					
Proceeds from issuance of shares		11,561,550	1,251,527	11,561,550	1,251,527
Payment of listing expenses		(992,643)	-	(992,643)	-
Advances to subsidiaries		-	-	(12,867,340)	(1,007,342)
Repayment of hire purchase obligations		(434,838)	(19,795)	-	-
Repayment of term loan		(753,778)	(8,637)	-	-
Increase/(Decrease) in bills payables		190,872	(775,741)	-	-
Minority interest		69	-	-	-
Dividend paid		(1,201,469)	-	(1,201,469)	-
NET CASH FROM/(FOR)		8,369,763	447,354	(3,499,902)	244,185
FINANCING ACTIVITIES					
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,006,311	3,055,217	22,064	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/PERIOD		3,055,217	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	31	8,061,528	3,055,217	22,064	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965 and listed on the MESDAQ Market of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad). The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : C15-1, Level 15, Tower C, Megan Avenue II,
12 Jalan Yap Kwan Seng, 50450 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 20 January 2005.

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 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, market, credit, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are established by the Audit Committee and approved by the Board.

(a) Foreign Currency Risk

The Group is exposed to foreign exchange risk on purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

The Group's foreign currency transactions and balances are substantially denominated in United States (US) Dollar.

Due to the present Ringgit Malaysia exchange rate peg against the US Dollar, the directors are of the opinion that the Group's exposure to currency risk is not significant.

b) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(c) Market Risk

The Group does not have any quoted investments and hence is not exposed to market risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

3. FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(d) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty except for debts owing by a customer which constitutes approximately 43% of the outstanding trade receivables at the balance sheet date.

The Group manages its exposure to credit risk by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(e) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company 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 applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

During the financial year ended 30 September 2004, the Group adopted Malaysian Accounting Standards Board ("MASB") MASB 29 - Employee Benefits for the first time. The adoption of MASB 29 does not have any material impact on the financial statements of the Group and of the Company.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group or the Company 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 expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group or the Company 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 September 2004.

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities. All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. 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.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests are measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interests.

(c) Investment in Subsidiaries

The investment in subsidiaries is stated at cost less allowance for diminution in the value of the investment. An allowance for diminution is made where, in the opinion of the directors, there is a decline other than temporary in the value of the investment.

(d) Goodwill or Negative Goodwill On Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the separable net assets of the subsidiaries at the date of acquisition. Negative goodwill represents the excess of the Group's share of the fair values of the separable net assets of the subsidiaries at the date of acquisition over the fair value of the purchase consideration.

Goodwill is stated net of negative goodwill and is retained in the consolidated balance sheet. The carrying value of the goodwill is reviewed annually and is written down for impairment where it is considered necessary. The impairment value of goodwill is taken to the consolidated income statement.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Leasehold land	over remaining lease period of 87 years to 99 years
Leasehold office units	2%
Office lot	2%
Shophouse	2%
Site office cabins	10%
Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Plant and machinery	10%
Renovation	10%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Impairment of Assets

The carrying values of assets, other than those to which MASB 23 - Impairment of Assets does not apply, are reviewed at each balance sheet date 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.

An impairment loss is charged to the income statement 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 the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(g) 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.

In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

(h) 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 5(e) above. Each hire purchase payment is allocated between the liability and finance charges as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(i) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(j) Amount Owed By Contract Customers

The amount owing by contract customers is stated at cost plus profits attributable to contracts in progress less progress billings and provision for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(k) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(m) Taxation

Taxation for the year comprises 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 substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between 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 negative goodwill 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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 substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(n) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, 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.

(p) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(q) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling on that date. All exchange differences are taken to the income statement.

(r) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liabilities in respect of the defined contribution plans.

(s) Revenue Recognition

(i) 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.

The stage of completion is determined based on surveys of work performed.

(ii) Sale of Goods and Services

Sales are recognised upon delivery of goods and customers' acceptance or performance of services.

(iii) Rental Income

Rental income is recognised on an accrual basis.

(iv) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Revenue Recognition (Cont'd)

(v) Dividend Income

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

6. INVESTMENT IN SUBSIDIARIES

		THE COMPANY	
		2004	2003
		RM	RM
Unquoted shares, at cost		5,006,188	5,006,057
Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-			
Name of Company	Equity 2004	Interest 2003	Principal Activities
Digistar Holdings Sdn. Bhd.	100%	100%	Design, supply, installation and integration of IT infrastructure, tele-conferencing, local area network, 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%	Provision, maintenance and upkeep of premises.
Digistar Rauland MSC Sdn. Bhd.	51%	51%	R&D of software and hardware to be deployed in the area relating to communication, telecommunication and information communication technology.
Rauland Asia Sdn. Bhd.	70%	-	Dormant.
Neilsen Ward & Associates Sdn. Bhd.	61%	-	Dormant.

* Subsidiary of Digistar Holdings Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

	AT 1.10.2003 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 30.9.2004 RM
THE GROUP					
NET BOOK VALUE					
Leasehold land	227,487	-	-	(2,564)	224,923
Office lot, shophouse and leasehold office units	3,688,101	6,820	-	(78,110)	3,616,811
Site office cabins, plant and machinery, furniture and fittings	188,337	22,600	-	(25,266)	185,671
Office equipment and renovation	548,950	275,768	-	(101,304)	723,414
Motor vehicles	732,656	1,292,812	(2,846)	(486,312)	1,536,310
	5,385,531	1,598,000	(2,846)	(693,556)	6,287,129

	AT COST RM	ACCUMULATED DEPRECIATION RM	TOTAL RM
At 30.9.2004			
Leasehold land	232,615	(7,692)	224,923
Office lot, shophouse and leasehold office units	3,906,036	(289,225)	3,616,811
Site office cabins, plant and machinery, furniture and fittings	299,953	(114,282)	185,671
Office equipment and renovation	1,177,157	(453,743)	723,414
Motor vehicles	3,218,789	(1,682,479)	1,536,310
	8,834,550	(2,547,421)	6,287,129
At 30.9.2003			
Leasehold land	232,615	(5,128)	227,487
Office lot, shophouse and leasehold office units	3,899,216	(211,115)	3,688,101
Site office cabins, plant and machinery, furniture and fittings	277,353	(89,016)	188,337
Office equipment and renovation	901,389	(352,439)	548,950
Motor vehicles	2,027,520	(1,294,864)	732,656
	7,338,093	(1,952,562)	5,385,531

Motor vehicles with a total net book value of RM1,360,816 (2003 - RM647,818) were acquired under hire purchase terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)**7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

The net book value of assets pledged as security for banking facilities granted to the Group are as follows:-

	THE GROUP	
	2004 RM	2003 RM
Leasehold office units	3,404,518	3,471,005
Office lot	65,520	67,200
	<u>3,470,038</u>	<u>3,538,205</u>

8. INVENTORIES HELD FOR RESALE

	THE GROUP	
	2004 RM	2003 RM
At cost:-		
Finished goods	<u>1,838,294</u>	<u>1,679,994</u>

None of the inventories are carried at net realisable value.

9. TRADE RECEIVABLES

	THE GROUP	
	2004 RM	2003 RM
Gross trade receivables	12,498,853	5,876,348
Allowance for doubtful debts:-		
At 1 October 2003/15 January 2003 (Date of incorporation)	(210,955)	(552,265)
Addition during the financial year/period	(98,053)	-
Write-back	6,000	341,310
Write-off	113,994	-
At 30 September	<u>(189,014)</u>	<u>(210,955)</u>
	<u>12,309,839</u>	<u>5,665,393</u>

The Group's normal credit terms for trade receivables range from 30 days to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

10. AMOUNT OWING BY CONTRACT CUSTOMERS

	THE GROUP	
	2004 RM	2003 RM
Contract costs incurred to date	44,242,574	33,779,241
Attributable profits	17,313,440	10,332,863
	<hr/>	<hr/>
Progress billings	61,556,014 (57,321,572)	44,112,104 (41,381,848)
	<hr/>	<hr/>
	4,234,442	2,730,256
	<hr/>	<hr/>

11. AMOUNT OWING BY SUBSIDIARIES

The amount owing is unsecured, interest-free and not subject to fixed terms of repayment.

12. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits amounting to RM5,231,323 (2003 - RM2,583,796) have been pledged to licensed banks as security for banking facilities granted to a subsidiary.

Fixed deposits at the balance sheet date yield an effective interest at 2.79% (2003 - 3.27%) per annum. The maturity periods of the fixed deposits at the balance sheet date range from 30 days to 365 days (2003 - 30 days to 365 days).

13. TRADE PAYABLES

The Group's normal credit terms of trade payables range from 1 to 60 days.

The foreign currency exposure profile of the trade payables of the Group is as follows:-

	2004 RM	2003 RM
RM equivalent of trade payables denominated in:		
- US Dollar	906,472	873,671
- Australian Dollar	9,290	62,838
- Singapore Dollar	2,122	2,122
- Euro	142,200	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

14. HIRE PURCHASE PAYABLES

	THE GROUP	
	2004 RM	2003 RM
Minimum hire purchase payments:		
- not later than one year	423,898	291,089
- later than one year and not later than five years	884,813	486,079
	<u>1,308,711</u>	<u>777,168</u>
Future finance charges	(200,792)	(144,411)
Present value of hire purchase liabilities	<u>1,107,919</u>	<u>632,757</u>
Current:		
- not later than one year	355,114	235,128
Non-current:		
- later than one year and not later than five years (Note 21)	752,805	397,629
	<u>1,107,919</u>	<u>632,757</u>

The hire purchase payables at the balance sheet date bore effective interest at rates ranging from 6.09% to 13.69% (2003 -10.31% to 13.69%) per annum.

15. SHORT TERM BORROWINGS

	THE GROUP	
	2004 RM	2003 RM
Term loan - current portion	-	85,636
Bankers' acceptances	1,245,000	1,075,000
Trust receipts	20,872	-
	<u>1,265,872</u>	<u>1,160,636</u>

The bankers' acceptances and the trust receipts bear effective interest at rates ranging from 4.50% to 7.50% (2003 - 4.15% to 5.00%) per annum and are secured as follows:-

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

16. BANK OVERDRAFTS

The bank overdrafts bear effective interest at the rate of 7.25% (2003 - 8.00% to 8.15%) per annum and are secured in the same manner as the bankers' acceptances as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

17. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	2004 NUMBER OF SHARES	2003	2004 RM	2003 RM
ORDINARY SHARES OF RM0.10 EACH:-				
AUTHORISED	250,000,000	250,000,000	25,000,000	25,000,000
ISSUED AND FULLY PAID-UP				
At 1 October 2003/ 15 January 2003 (Date of incorporation)	62,575,325	200	6,257,533	20
Allotment during the financial year/period:				
- Acquisition of subsidiaries	-	50,060,060	-	5,006,006
- Rights issue	-	12,515,065	-	1,251,507
- Public issue	20,860,000	-	2,086,000	-
- Options exercised under ESOS	161,000	-	16,100	-
At 30 September	83,596,325	62,575,325	8,359,633	6,257,533

During the financial year, the Company increased its issued and paid-up share capital from RM6,257,533 to RM8,359,633 by way of:-

- the issuance of 20,860,000 new ordinary shares of RM0.10 each at an issue price of RM0.55 per share pursuant to the public issue; and
- the issuance of 161,000 new ordinary shares of RM0.10 each for cash arising from the exercise of the options granted pursuant to the Company's Employees' Share Option Scheme, at an exercise price of RM0.55 per ordinary share.

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

18. SHARE PREMIUM

	THE GROUP/ THE COMPANY	
	2004 RM	2003 RM
At 1 October 2003/15 January 2003 (Date of incorporation)	-	-
Premium arising on:		
- Public issue	9,387,000	-
- Shares issued pursuant to options exercised under ESOS	72,450	-
Expenses incurred for listing exercise	(992,643)	-
At 30 September	8,466,807	-

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

19. NEGATIVE GOODWILL

	THE GROUP	
	2004 RM	2003 RM
At 1 October 2003/15 January 2003 (Date of incorporation)	4,031,355	-
Arising from acquisition of subsidiaries	-	4,031,355
	<u>4,031,355</u>	<u>4,031,355</u>
At 30 September	<u>4,031,355</u>	<u>4,031,355</u>

The negative goodwill is not distributable by way of cash dividends.

20. RETAINED PROFITS

Subject to agreement with the tax authorities, at the balance sheet date, the Company has sufficient tax-exempt income and Section 108 tax credit to enable the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

21. LONG TERM BORROWINGS

	THE GROUP	
	2004 RM	2003 RM
Hire purchase payables (Note 14)	752,805	397,629
Term loan	-	668,142
	<u>752,805</u>	<u>1,065,771</u>

22. DEFERRED TAXATION

	THE GROUP	
	2004 RM	2003 RM
At 1 October 2003/15 January 2003 (Date of incorporation)	85,000	-
Arising from acquisition of subsidiaries	-	85,000
Transfer to income statement (Note 26)	(26,000)	-
	<u>59,000</u>	<u>85,000</u>
At 30 September	<u>59,000</u>	<u>85,000</u>

The deferred taxation is in respect of temporary differences arising from accelerated capital allowances on qualifying assets.

23. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share is calculated based on the net tangible assets value attributable to shareholders of RM25,661,936 (2003 - RM10,844,872) divided by the number of ordinary shares in issue at the balance sheet date of 83,596,325 shares (2003 - 62,575,325 shares).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)**24. TURNOVER**

Turnover of the Group and of the Company comprise the following:-

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Contract revenue	49,969,766	39,741,779	-	-
Maintenance income	257,290	266,841	-	-
Sales of goods	926,490	1,047,914	-	-
Rental income	43,200	44,413	-	-
Dividend income	-	-	4,486,279	-
	<u>51,196,746</u>	<u>41,100,947</u>	<u>4,486,279</u>	<u>-</u>

Contract revenue represents progress billings certified by the customers and/or customers' consultants. Maintenance income and sale of goods represent the invoiced value of the services rendered and goods sold less discounts and returns. Revenue of the Company represents the gross dividend income from investment in subsidiaries.

25. PROFIT/(LOSS) BEFORE TAXATION

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

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Allowance for doubtful debts	98,053	-	-	-
Audit fee	22,000	19,800	4,000	3,000
Contract expenses	36,220,104	29,408,916	-	-
Depreciation of property, plant and equipment	693,556	53,921	-	-
Directors' fee	90,000	224,000	90,000	-
Directors' other emoluments	847,520	184,000	-	-
Interest expense:				
- bankers' acceptances	64,595	37,205	-	-
- hire purchase	83,158	57,854	-	-
- letter of credit and trust receipts	2,059	-	-	-
- bank overdraft	35,571	47,724	-	-
- term loan	7,787	32,860	-	-
- other	357	13,385	-	-
(Gain)/Loss on foreign exchange				
- realised	(209)	28,491	-	-
Rental of equipment	18,392	10,258	-	-
Rental of premises	7,500	2,850	-	-
Staff costs	5,034,788	3,231,131	-	-
Write-back of allowance for doubtful debts	(6,000)	(341,310)	-	-
Gain on disposal of				
plant and equipment	(46,654)	-	-	-
Dividend income from a subsidiary	-	-	4,486,279	-
Fixed deposit interest income	(334,051)	(95,906)	-	-
Rental income	<u>(43,200)</u>	<u>(44,413)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

26. TAXATION

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax:				
- for the financial year/period	2,479,132	1,910,000	1,130,000	-
- (over)/underprovision in previous financial year	(57,260)	15,763	-	-
	<u>2,421,872</u>	<u>1,925,763</u>	<u>1,130,000</u>	<u>-</u>
Deferred taxation (Note 22)	(26,000)	-	-	-
	<u>2,395,872</u>	<u>1,925,763</u>	<u>1,130,000</u>	<u>-</u>

The reconciliation of income tax expense applicable to the profit/(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	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(Loss) before taxation	<u>7,845,429</u>	<u>6,513,053</u>	<u>4,319,126</u>	<u>(4,425)</u>
Tax at 20% on the first RM500,000 (2003 - RM100,000)	100,000	20,000	-	-
Tax at 28% on the balance	<u>2,056,720</u>	<u>1,795,655</u>	<u>1,209,355</u>	<u>(1,239)</u>
	<u>2,156,720</u>	<u>1,815,655</u>	<u>1,209,355</u>	<u>(1,239)</u>
Tax effects of:-				
Non-deductible expenses	292,239	101,493	40,530	1,239
Tax-exempt dividend	-	-	(115,290)	-
(Over)/Underprovision in previous financial year	(57,260)	15,763	-	-
Others	<u>4,173</u>	<u>(7,148)</u>	<u>(4,595)</u>	<u>-</u>
Taxation for the financial year/period	<u>2,395,872</u>	<u>1,925,763</u>	<u>1,130,000</u>	<u>-</u>

27. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is arrived at by dividing the Group's profit attributable to the shareholders of RM5,449,626 (2003 - RM555,984) with the weighted average number of 81,886,156 (2003 - 6,429,088) ordinary shares in issue during the financial year.

Fully diluted earnings per share is calculated by dividing the Group's profit attributable to the shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

27. EARNINGS PER ORDINARY SHARE (Cont'd)

	THE GROUP 2004 RM
Net profit attributable to shareholders of the Company	5,449,626
Weighted average number of ordinary shares in issue Adjusted for ESOS	81,886,156 2,931,876
Adjusted weighted average number of ordinary shares in issue and issuable	84,818,032
Fully diluted earnings per share (sen)	6

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 30 September 2004 has been arrived at based on the assumption that dilutive share options are exercised at the beginning of the year.

No comparative figures for fully diluted earnings per share is provided as there were no potential dilutive ordinary shares for the previous financial period.

28. DIVIDENDS

	THE GROUP/ THE COMPANY 2004 RM	2003 RM
First interim dividend of 2 sen per ordinary share less income tax of 28% (2003 - Nil) paid during the year	1,201,469	-
Second interim dividend of 2 sen per ordinary share less income tax of 28% (2003 - Nil) declared subsequent to the balance sheet date	1,249,781	-
	<u>2,451,250</u>	<u>-</u>

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP 2004 RM	2003 RM
Cost of property, plant and equipment purchased	1,598,000	1,233,597
Arising from acquisition of subsidiaries	-	(1,215,685)
Amount financed through hire purchase	(910,000)	-
Cash disbursed for purchase of property, plant and equipment	<u>688,000</u>	<u>17,912</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

30. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES

Details of the net assets acquired and the cash flows arising from the acquisition of the subsidiaries are as follows:-

	THE GROUP	
	2004 RM	2003 RM
Property, plant and equipment	-	5,421,540
Fixed deposits with licensed banks	-	3,088,804
Cash and bank balances	-	(153,504)
Current assets	-	8,117,574
Current liabilities	-	(6,271,227)
Long term liabilities	-	(1,165,826)
	<hr/>	<hr/>
Net assets in subsidiaries acquired	-	9,037,361
Negative goodwill	-	(4,031,355)
	<hr/>	<hr/>
Purchase consideration	-	5,006,006
Portion financed by issuance of shares	-	(5,006,006)
	<hr/>	<hr/>
Portion financed in cash	-	-
Cash and cash equivalents of subsidiaries acquired	-	2,935,300
	<hr/>	<hr/>
Net cash inflow on acquisition of subsidiaries	-	2,935,300
	<hr/>	<hr/>

The effects of the acquisitions of the subsidiaries on the financial results of the Group during the financial year/period are as follows:-

	THE GROUP	
	2004 RM	2003 RM
Turnover	-	41,100,947
Cost of sales	-	(30,361,338)
	<hr/>	<hr/>
Gross profit	-	10,739,609
Other operating income	-	532,285
	<hr/>	<hr/>
	-	11,271,894
Operating expenses	(10,207)	(4,428,772)
	<hr/>	<hr/>
(Loss)/Profit from operations	(10,207)	6,843,122
Finance costs	-	(330,069)
	<hr/>	<hr/>
(Loss)/Profit for the financial year/period	(10,207)	6,513,053
Pre-acquisition profit	-	(4,031,355)
Taxation	-	(1,925,763)
Minority interests	69	49
	<hr/>	<hr/>
(Decrease)/Increase in net profit of the Group	(10,138)	555,984
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)**31. CASH AND CASH EQUIVALENTS**

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

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits with licensed banks (Note 12)	9,743,783	3,249,440	-	-
Cash and bank balances	141,587	122,647	22,064	-
Bank overdrafts	(1,823,842)	(316,870)	-	-
	<u>8,061,528</u>	<u>3,055,217</u>	<u>22,064</u>	<u>-</u>

32. SEGMENTAL INFORMATION

	CONSTRUCTION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	ELIMINATION RM	GROUP RM
2004						
THE GROUP						
REVENUE						
External revenue	49,969,766	926,490	257,290	43,200	-	51,196,746
Intersegment revenue	-	-	-	427,200	(427,200)	-
Total revenue	<u>49,969,766</u>	<u>926,490</u>	<u>257,290</u>	<u>470,400</u>	<u>(427,200)</u>	<u>51,196,746</u>
RESULTS						
Segment results (external)	7,630,778	203,828	128,645	271,113	-	8,234,364
Finance costs	(388,935)	-	-	-	-	<u>(388,935)</u>
Profit from ordinary activities before taxation						7,845,429
Taxation						<u>(2,395,872)</u>
Profit from ordinary activities after taxation						<u>5,449,557</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

32. SEGMENTAL INFORMATION (Cont'd)

	CONSTRUCTION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	TOTAL RM
OTHER INFORMATION					
Segment assets	30,768,280	138,956	99,038	3,850,393	34,856,667
Segment liabilities	5,071,992	-	-	3,441,408	8,513,400
Capital expenditure	1,591,180	-	-	6,820	1,598,000
Depreciation	614,562	-	-	78,994	693,556

	CONSTRUCTION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	ELIMINATION RM	GROUP RM
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2003

THE GROUP

REVENUE

External revenue	39,741,779	1,047,914	266,841	44,413	-	41,100,947
Intersegment revenue	-	-	-	177,600	(177,600)	-
Total revenue	39,741,779	1,047,914	266,841	222,013	(177,600)	41,100,947

RESULTS

Segment results (external)	6,419,587	230,541	133,421	59,573	-	6,843,122
Finance costs	(330,069)	-	-	-	-	(330,069)
Profit from ordinary activities before taxation						6,513,053
Taxation						(1,925,763)
Profit from ordinary activities after taxation						4,587,290

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

32. SEGMENTAL INFORMATION (Cont'd)

	CONSTRUCTION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	TOTAL RM
OTHER INFORMATION					
Segment assets	15,183,072	172,260	66,710	3,861,825	19,283,867
Segment liabilities	3,602,756	-	-	3,710,973	7,313,729
Capital expenditure	1,219,185	-	-	14,412	1,233,597
Depreciation	382,735	-	-	70,036	452,771

33. NUMBER OF EMPLOYEES

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Number of employees at balance sheet date	126	95	-	-

34. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	2004 RM	2003 RM
Australian Dollar	2.76	-
US Dollar	3.82	3.82
Euro	4.69	4.45
Danish Kroner	0.64	0.60

35. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is defined as the amount for which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) *Bank Balances and Other Liquid and Short Term Receivables*

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

35. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd)

(b) *Amount Owing By Subsidiaries*

It is not practicable to determine the fair value of the amount owing by subsidiaries due principally to a lack of fixed repayment terms. However, the Group/Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be received or settled.

(c) *Short Term Borrowings and Other Current Liabilities*

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(d) *Hire Purchase Payables*

The fair value of hire purchase payables is determined by discounting the relevant cash flow using current interest rates for similar instruments at the balance sheet date.

36. CONTINGENT LIABILITIES

	THE COMPANY	
	2004	2003
	RM	RM
Unsecured:-		
Guarantees given to financial institutions in respect of facilities extended to a subsidiary	26,190,000	910,000
Guarantees given to a supplier in respect of facilities extended to a subsidiary	-	680,000
	<u>26,190,000</u>	<u>1,590,000</u>

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company ("Digistar") implemented a flotation scheme, leading to the listing of and quotation for its entire enlarged issued and paid-up share capital on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (formerly known as Malaysia Securities Exchange Berhad), involving the following transactions:-

- (a) the acquisition by Digistar Holdings Sdn. Bhd. ("DHSB") of 49,000 ordinary shares of RM1.00 each in Digistar Properties Sdn. Bhd. ("DPSB") comprising 49.0% of the equity interest in DPSB from Lee Wah Chong and Wa Siew Yam for a total purchase consideration of RM37,264 to be fully satisfied by the issuance of 37,264 new ordinary shares of RM1.00 each in DHSB (the ordinary shares in DHSB are referred to as "DHSB Shares" hereinafter) at an issue price of RM1 per share ("DPSB Acquisition"). The DPSB Acquisition was completed on 13 August 2003;
- (b) the acquisition by Digistar of 2,037,264 DHSB Shares comprising the entire enlarged equity interest in DHSB for a purchase consideration of RM5,006,006 to be fully satisfied by the issuance of 50,060,060 new ordinary shares of RM0.10 each in Digistar (the ordinary shares in Digistar are referred to as "Digistar Shares" hereinafter) at an issue price of RM0.10 per share ("DHSB Acquisition"). The DHSB Acquisition was completed on 14 August 2003;
- (c) the Rights Issue of 12,515,065 new Digistar Shares at an issue price of RM0.10 per share, to be payable in full upon acceptance, on the basis of one (1) rights share for every four (4) existing Digistar Shares held after the DHSB Acquisition ("Rights Issue"). The Rights Issue was completed on 26 September 2003;

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004 (Cont'd)

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- (d) the Public Issue of 20,860,000 new Digistar Shares at an issue price of RM0.55 per share which will be allocated in the following manner ("Public Issue"):-
- (i) 1,500,000 new Digistar Shares made available for application by the eligible employees;
 - (ii) 3,500,000 new Digistar Shares made available for application by the general public; and
 - (iii) 15,860,000 new Digistar Shares by way of private placement to institutional and individual investors.
- (e) the listing of and quotation for the entire enlarged issued and paid-up share capital of Digistar comprising 83,435,325 Digistar Shares and the new Digistar Shares arising from the exercise of options granted under the Employees' Share Option Scheme ("ESOS") on the MESDAQ Market of Bursa Securities on 7 November 2003; and
- (f) the ESOS for eligible employees and executive directors of Digistar and its subsidiaries of up to 30% of the issued and paid-up share capital of Digistar upon listing of Digistar Shares on the MESDAQ Market of Bursa Securities.

38. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 23 November 2004, the Company proposed to undertake a one-for-one bonus issue of up to 91,343,325 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of one (1) bonus share for every one (1) existing ordinary share held at a date to be determined later.

The proposal is subject to the approvals of the shareholders of the Company and the relevant authorities.

39. CAPITAL COMMITMENT

	THE GROUP	
	2004	2003
	RM	RM
Approved but not contracted for	1,176,000	-

40. COMPARATIVE FIGURES

The comparative figures are in respect of the financial period from 15 January 2003 (Date of incorporation) to 30 September 2003.

ANALYSIS OF SHAREHOLDINGS AS AT 31 JANUARY 2005

Authorised Share Capital	: RM 25,000,000.00
Issued and Fully Paid-Up Share Capital	: RM 8,679,032.50
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	Total Shareholdings	%
Less than 100 shares	3	120	0.00
100 to 999 shares	40	13,850	0.02
1,000 to 4,999 shares	1,243	2,872,650	3.31
5,000 to 10,000 shares	987	7,185,500	8.28
10,001 to 100,000 shares	650	19,336,400	22.28
100,001 to 1,000,000 shares	66	17,145,738	19.75
Above 1,000,000	4	40,236,067	46.36
	2,993	86,790,325	100.00

20 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	Kenangan Lampiran Sdn Bhd	33,809,397	38.96
2	Mayban Nominees (Tempatan) Sdn Bhd (Malaysian Trustees Berhad For Mayban Smallcap Trust Fund)	4,020,000	4.63
3	Wa Siew Yam	1,206,615	1.39
4	Ong Fee Chong	1,200,055	1.38
5	Amanah Raya Berhad (Amtotal Return)	1,000,000	1.15
6	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Teoh See Yong)	900,000	1.04
7	Low Lye Seng	883,338	1.02
8	ECM Libra Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Yeap Gek @ Yeap Poh Chim)	678,000	0.78
9	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Amnew Frontier)	620,000	0.71
10	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (Malaysia) Trustee Berhad For Amanah Saham Sarawak)	600,000	0.69
11	Citicorp Nominees (Asing) Sdn Bhd (MLPFS For Springtime Securities Limited)	500,000	0.58

ANALYSIS OF SHAREHOLDINGS AS AT 31 JANUARY 2005 (Cont'd)

20 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	%
12	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd For Teh Kee Hong)	500,000	0.58
13	M & A Nominee (Tempatan) Sdn Bhd (Ng Sing Huat)	500,000	0.58
14	Desipac Sdn Bhd	495,900	0.57
15	Adelene Madeline Alvisse	495,800	0.57
16	Ke-Zan Nominees (Tempatan) Sdn Bhd (Kim Eng Securities Pte Ltd For Lee Soon Seng @ Lee San Choon)	430,800	0.50
17	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lee Swee Eng)	400,000	0.46
18	AFFIN Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Hu Siew Yew)	390,000	0.45
19	Teh Lip Jin	303,000	0.35
20	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For John Leong Chung Hin)	302,200	0.35
Total		49,235,105	56.74

SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)

(as per Register of Substantial Shareholders)

No. of ordinary shares of RM0.10 each beneficially held by the Substantial Shareholders

No.	Shareholder	Direct Interest	%	No. of Shares Held	%
1	Kenangan Lampiran Sdn Bhd	33,809,397	38.96	-	-
2	Lee Wah Chong	51	#	33,809,397*	38.96
3	Ong Fee Chong	1,200,055	1.38	33,809,397*	38.96

* By virtue of their interest in Kenangan Lampiran Sdn Bhd (KLSB), Lee Wah Chong and Ong Fee Chong are deemed interested in the shares of the Company to the extent that KLSB has an interest.

Negligible

ANALYSIS OF SHAREHOLDINGS AS AT 31 JANUARY 2005 (Cont'd)

DIRECTORS' SHAREHOLDING (Direct & Indirect) (as per Register of Directors' Shareholdings)

No. of ordinary shares of RM0.10 each beneficially held by the Directors

Name Of Directors	Direct Interest	%	Indirect Interest	%
Lee Wah Chong	51	#	33,809,397*	38.96
Ong Fee Chong	1,200,055	1.38	33,809,397*	38.96
Wa Siew Yam	1,206,615	1.39	-	-
Lee Mely	-	-	-	-
YB Datuk Haji Hasan Bin Malek	-	-	-	-
Ir. Loh Khoon Hong	-	-	-	-
Ab Wahab Bin Ab Latip	-	-	-	-

* By virtue of their interest in Kenangan Lampiran Sdn Bhd (KLSB), Lee Wah Chong and Ong Fee Chong are deemed interested in the shares of the Company to the extent that KLSB has an interest.

Negligible

LIST OF PROPERTIES AT 30 SEPTEMBER 2004

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value (RM)	Year of Acquisition
Lot 4.119, 4th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	Office unit	366	Freehold	26 years	65,520	1994
B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	458,672	1997
B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	519,621	1997
B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	370,764	1998
B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	385,945	2001
B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	350,239	2001

LIST OF PROPERTIES AT 30 SEPTEMBER 2004 (Cont'd)

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value (RM)	Year of Acquisition
B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	365,528	2002
B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	391,036	2002
B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	9 years	562,714	2003
No. 3, Jalan TU-3, Taman Tasik Utama, Ayer Keroh, 75450 Melaka	Double-storey shophouse	1539	Leasehold for 99 years expiring on 29/03/2097	4 years	179,563	2002
Lot 165, Mukim Kuala Kuantan, Pahang	Land (vacant bungalow lot)	15289*	Leasehold for 99 years expiring on 10/09/2092	N/A	192,133	2002



DIGISTAR CORPORATION BERHAD

(Company No.: 603652-K)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

Number of Share Held

*I/We NRIC No./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 Second Annual General Meeting of the Company to be held at Embassy 1, 12th Floor, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 22 March 2005 at 10.00 a.m. and at any adjournment thereof.

(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.)

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Special Resolution 1		

Signed this day of 2005

.....
Signature/Common Seal of Member

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. If a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. 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.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, No. 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.

* Delete where applicable

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STAMP



THE SECRETARY

DIGISTAR CORPORATION BERHAD (603652-K)

C15-1, LEVEL 15, TOWER C,
MEGAN AVENUE II,
12, JALAN YAP KWAN SENG,
50450 KUALA LUMPUR.

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NOTES

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