



**DIGISTAR
CORPORATION
BERHAD**

(Company No.: 603652-K)



Annual Report **2005**

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third 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 Thursday, 23 March 2006 at 10.00 a.m. for the following purposes:

AGENDA

- | | | |
|----|---|-----------------------|
| 1. | To receive the Financial Statements for the financial year ended 30 September 2005 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) Ong Fee Chong; and | Ordinary Resolution 2 |
| | (ii) Lee Mely. | Ordinary Resolution 3 |
| 3. | To approve the sum of RM90,000.00 being the directors' fees for the financial year ended 30 September 2005. | Ordinary Resolution 4 |
| 4. | To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |
| 5. | Special Business: | |

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

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

Ordinary Resolution 6

"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."

BY ORDER OF THE BOARD

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

COMPANY SECRETARIES

Kuala Lumpur
1 March 2006

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 forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting.

Explanatory Note on the Special Business

Ordinary Resolution 6

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

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company, from the date of the Third 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' 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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Members

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

PLACE WHERE REGISTER OF OPTIONS IS KEPT

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

CORPORATE INFORMATION (Cont'd)

AUDITORS

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

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 7 FEBRUARY 2006

Digistar Corporation Berhad



DIRECTORS' PROFILE



DATO' HASAN BIN MALEK

Dato' Hasan Bin Malek, aged 60, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003 and is the Executive Chairman of the Company. 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. Dato' Hasan is also a director of AKN Messaging Technologies Berhad.



LEE WAH CHONG

Lee Wah Chong, aged 48, was appointed to the Board of Directors of the Company on 18 August 2003. He was one of the founders of its core subsidiary, 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-three (23) 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 35, 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 ten (10) years of experience in the system integration industry.



WA SIEW YAM

Wa Siew Yam, aged 47, was appointed to the Board of Directors of the Company on 18 August 2003. As a diploma holder in Commerce from Tunku Abdul Rahman College, she began her 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 44, 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 50, was appointed as an Independent Non-Executive Director of the Company on 27 April 2004. He is also the Chairman of the Audit Committee of the Company. 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 62, 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.

CHAIRMAN'S STATEMENT

It gives me great pleasure to present, on behalf of the Board of Directors, the Annual Report and Financial Statements of Digistar Corporation Berhad ("Digistar or Company") for the financial year ended 30 September 2005.

ECONOMIC REVIEW

The Malaysian economy registered a Gross Domestic Product ("GDP") growth rate of 5.0% for 2005^(a) as compared to 7.0% for 2004. Despite the slower world growth and sharply rising international oil prices, the Malaysian economy has remained resilient. Although the global economic prospects are expected to be more challenging, growth is expected to remain strong at 5.5% in 2006.

The construction industry experienced negative growth of 1.1% in 2005. Major construction works were scarce and therefore industries related to construction continued to contract in tandem with the weak performance of the construction industry.

OPERATIONAL AND FINANCIAL REVIEW

For the financial year ended 30 September 2005, the Group registered revenue of RM31.4 million as compared to RM51.2 million achieved in the previous year. After accounting for tax and minority interest, the net profit attributable to shareholders of the Company was RM2.7 million for the financial year ended 30 September 2005 as compared to RM5.4 million for the financial year ended 30 September 2004.

The contraction in the Group's revenue and net profit is due to the slow down in the construction industry. The decrease is also caused by the completion of some notable projects which were at the advanced stages in the previous financial year and the timing differences in the execution of projects in hand as a result of the Malaysian Government's delay in the implementation of certain projects.

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.

DIVIDEND

During the financial year, the Company paid an interim dividend of 20% or 2 sen per ordinary share of RM0.10 each less tax of 28% amounting to RM1,249,781 on 25 April 2005.

PROSPECTS

Prospects for the year ahead is expected to be more challenging as the Group operates in a highly competitive industry. Under the 2006 Malaysian Budget, the government's plan for regional development which includes education and health projects in Sabah and Sarawak might provide the Group with a chance to generate demand for its products and services.

Malaysia will transform itself into a developed nation with a knowledge-based society under the Ninth Malaysia Plan, therefore the demand for education and health care will increase over time. These shall provide further expansion opportunities to Digistar, particularly in the education and health care sectors. Barring any unforeseen circumstances, the Board is confident in maintaining its profitability in the coming year.

(a) Source: www.statistics.gov.my

CHAIRMAN'S STATEMENT (Cont'd)

UTILISATION OF PROCEEDS

As at 30 September 2005, 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 and Bursa Securities RM'000	Actual Utilisation RM'000	Balance RM'000
(i) Investment in DRMSB	1,000	952	48
(ii) Capital expenditure for office expansion	3,100	2,222	878
(iii) Future business expansion	1,000	1,000	-
(iv) Renovation and upgrading of showroom	200	72	128
(v) Purchase of fixed assets	1,000	621	379
(vi) Repayment of term loan	753	753	-
(vii) Working capital	4,472	4,679	(207) #
(viii) Listing expenses	1,200	993	207 #
Total	12,725	11,292	1,433

Note:

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

The Board of Directors of Digistar had, on 30 September 2005, approved the extension of time up to one (1) year, from 1 October 2005 to 30 September 2006, for the utilisation of all the remaining proceeds raised through Digistar's Initial Public Offering ("IPO"); and the Company proposes to undertake a variation to the utilisation of items (ii), (iv) and (v) above totalling RM1.385 million of proceeds raised through Digistar's IPO for working capital purposes.

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 continued 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.

Dato' Hasan Bin Malek
Executive Chairman

AUDIT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

Chairman	:	Ab Wahab Bin Ab Latip	<i>(Independent Non-Executive Director)</i>
Members	:	Ir. Loh Khoon Hong	<i>(Independent Non-Executive Director)</i>
		Ong Fee Chong	<i>(Executive Director)</i>

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 five (5) Audit Committee meetings held during the financial year ended 30 September 2005. The number of meetings attended by the Committee Members is as follows:-

	ATTENDANCE/ ENTITLEMENT
Ab Wahab Bin Ab Latip	5/5
Ir. Loh Khoo Hong	5/5
Ong Fee Chong	5/5

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 2005.

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	2,665,132	1,025,887

DIVIDENDS

Since the end of the previous financial year, the Company

- (a) paid a second interim dividend of 20% per ordinary share less 28% tax amounting to RM1,249,781 in respect of the previous financial year on 23 December 2004, based on the issued and fully paid-up ordinary share capital of RM8,679,033 on 10 December 2004 as proposed in the directors' report of that financial year; and
- (b) declared an interim dividend of 20% per ordinary share less 28% tax amounting to RM1,249,781 in respect of the current financial year on 28 March 2005 and paid on 25 April 2005, based on the issued and fully paid-up ordinary share capital of RM8,679,033 on 14 April 2005.

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 RM8,359,633 to RM17,358,065 by way of:-
 - (i) the issuance of 3,194,000 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; and
 - (ii) the bonus issue of 86,790,325 new ordinary shares of RM0.10 each on the basis of 1 bonus share for every 1 existing ordinary share held. The bonus shares were issued by way of capitalisation of RM8,679,032 from the share premium account.

The abovementioned shares rank pari passu with the 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 ordinary shares of RM0.10 each in the Company at the respective exercise price per share is as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH UNDER OPTION AT EXERCISE PRICE OF	
	RM0.55	RM0.275
At 1 October 2004	13,010,200	-
Exercised during the financial year	(3,194,000)	-
Adjustment for bonus issue	9,131,600	-
Transfer of ESOS from RM0.55 per share to RM0.275 per share	(18,263,200)	18,263,200
Lapsed due to resignations	(684,600)	(240,000)
At 30 September 2005	-	18,023,200

The main features of the ESOS are as follows:-

- (a) 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;
- (b) 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;
- (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;
- (d) the Scheme shall expire on 6 November 2008;
- (e) 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;
- (f) 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;
- (g) 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
- (h) 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.

DIRECTORS' REPORT (Cont'd)

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 38 to the financial statements. At the date of this report, there does not exist:

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (Cont'd)

DIRECTORS

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

YB DATO' HASAN BIN MALEK
 AB WAHAB BIN AB LATIP
 LEE WAH CHONG
 ONG FEE CHONG
 WA SIEW YAM
 LEE MELY
 IR. LOH KHOON HONG

Pursuant to Article 86 of the Articles of Association of the Company, Ong Fee Chong and Lee Mely retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves 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 1.10.2004	BOUGHT/ ALLOTMENT	SOLD	AT 30.9.2005
<i>DIRECT INTERESTS</i>	3,123,851	2,905,551	(3,123,800)	2,905,602
LEE WAH CHONG	479,055	2,420,055	(499,000)	2,400,110
ONG FEE CHONG	360,615	2,232,615	(180,000)	2,413,230
WA SIEW YAM				
<i>INDIRECT INTERESTS</i>	48,809,397	33,809,397	(15,000,000)	67,618,794
LEE WAH CHONG ⁽¹⁾	48,809,397	33,809,397	(15,000,000)	67,618,794
ONG FEE CHONG ⁽¹⁾				

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

	NUMBER OF OPTIONS UNDER ESOS			
	AT 1.10.2004	ADJUSTMENT FOR BONUS ISSUE	EXERCISED	AT 30.9.2005
LEE WAH CHONG	2,288,000	2,288,000	-	4,576,000
ONG FEE CHONG	2,288,000	1,068,000	(1,220,000)	2,136,000
WA SIEW YAM	1,710,000	684,000	(1,026,000)	1,368,000

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' REPORT (Cont'd)

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are disclosed in Note 39 to the financial statements.

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 17 JANUARY 2006**

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 21 to 49 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 2005 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 17 JANUARY 2006**

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 21 to 49 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
17 January 2006

Lee Wah Chong

Before me

Datin Hajah Raihela Wanchik (No.W275)

REPORT OF THE AUDITORS TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD

We have audited the financial statements set out on pages 21 to 49. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 2005 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 have considered the financial statements and the auditors' reports thereon of the subsidiaries for which we have not acted as auditors, as indicated in Note 6 to the financial statements.

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

The 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

23 January 2006

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

BALANCE SHEETS AT 30 SEPTEMBER 2005

		THE GROUP		THE COMPANY	
	NOTE	2005 RM	2004 RM	2005 RM	2004 RM
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	5,006,359	5,006,188
Property, plant and equipment	7	7,593,116	6,287,129	-	-
Other investment	8	1,000,000	-	-	-
		8,593,116	6,287,129	5,006,359	5,006,188
CURRENT ASSETS					
Properties held for sale	9	417,704	-	-	-
Inventories held for resale	10	2,358,243	1,838,294	-	-
Trade receivables	11	10,934,948	12,309,839	-	-
Amount owing by contract customers	12	5,941,692	4,234,442	-	-
Other receivables, deposits and prepayments		337,773	301,593	-	-
Amount owing by subsidiaries	13	-	-	14,201,854	13,874,682
Tax refundable		12,453	10,868	12,453	10,868
Fixed deposits with licensed banks	14	6,566,515	9,743,783	-	-
Cash and bank balances		104,298	141,587	557	22,064
		26,673,626	28,580,406	14,214,864	13,907,614
CURRENT LIABILITIES					
Trade payables	15	1,679,975	3,455,444	-	-
Other payables and accruals		558,011	860,323	208,185	104,130
Provision for taxation		20,010	633,199	-	-
Hire purchase payables	16	355,410	355,114	-	-
Short term borrowings	17	655,071	1,265,872	-	-
Bank overdrafts	18	3,747,471	1,823,842	-	-
		7,015,948	8,393,794	208,185	104,130
NET CURRENT ASSETS					
		19,657,678	20,186,612	14,006,679	13,803,484
		28,250,794	26,473,741	19,013,038	18,809,672
FINANCED BY:-					
Share capital	19	17,358,065	8,359,633	17,358,065	8,359,633
Share premium	20	1,145,416	8,466,807	1,145,416	8,466,807
Negative goodwill	21	4,031,355	4,031,355	-	-
Retained profits	22	4,969,711	3,554,360	509,557	733,451
Proposed dividends		-	1,249,781	-	1,249,781
		27,504,547	25,661,936	19,013,038	18,809,672
SHAREHOLDERS' EQUITY					
NON-CURRENT LIABILITIES					
Hire purchase payables	16	675,247	752,805	-	-
Deferred taxation	23	71,000	59,000	-	-
		28,250,794	26,473,741	19,013,038	18,809,672
NET TANGIBLE ASSETS PER SHARE					
	24	16 sen	31 sen		

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

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM	2004 RM	2005 RM	2004 RM
TURNOVER	25	31,416,402	51,196,746	1,833,538	4,486,279
COST OF SALES		(21,796,472)	(37,071,411)	-	-
GROSS PROFIT		9,619,930	14,125,335	1,833,538	4,486,279
OTHER OPERATING INCOME		547,417	754,112	1,891	-
		10,167,347	14,879,447	1,835,429	4,486,279
ADMINISTRATIVE EXPENSES		(4,025,575)	(4,700,006)	(297,737)	(167,153)
MARKETING EXPENSES		(703,649)	(1,157,170)	-	-
OTHER OPERATING EXPENSES		(891,518)	(787,907)	-	-
		(5,620,742)	(6,645,083)	(297,737)	(167,153)
PROFIT FROM OPERATIONS		4,546,605	8,234,364	1,537,692	4,319,126
FINANCE COSTS		(423,924)	(388,935)	-	-
PROFIT BEFORE TAXATION	26	4,122,681	7,845,429	1,537,692	4,319,126
TAXATION	27	(1,457,678)	(2,395,872)	(511,805)	(1,130,000)
PROFIT AFTER TAXATION		2,665,003	5,449,557	1,025,887	3,189,126
MINORITY INTERESTS		129	69	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		2,665,132	5,449,626	1,025,887	3,189,126
Earnings per share	28				
- basic		1.5 sen	3.8 sen		
- fully diluted		1.5 sen	3.7 sen		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005

			NON-DISTRIBUTABLE RESERVE	NEGATIVE	DISTRIBUTABLE RESERVE	PROPOSED	
	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	GOODWILL RM	RETAINED PROFITS RM	DIVIDENDS RM	TOTAL RM
THE GROUP							
At 1.10.2003		6,257,533	-	4,031,355	555,984	-	10,844,872
Shares issued pursuant to:							
- Public issue		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:	29						
- Paid		-	-	-	(1,201,469)	-	(1,201,469)
- Declared		-	-	-	(1,249,781)	1,249,781	-
Balance at 30.9.2004/1.10.2004		8,359,633	8,466,807	4,031,355	3,554,360	1,249,781	25,661,936
Shares issued pursuant to:							
- Options exercised under ESOS		319,400	1,437,300	-	-	-	1,756,700
- Bonus issue		8,679,032	(8,679,032)	-	-	-	-
Bonus issue expenses incurred		-	(79,659)	-	-	-	(79,659)
Profit attributable to shareholders of the Company		-	-	-	2,665,132	-	2,665,132
Dividends paid	29	-	-	-	(1,249,781)	(1,249,781)	(2,499,562)
Balance at 30.9.2005		17,358,065	1,145,416	4,031,355	4,969,711	-	27,504,547

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

			NON- DISTRIBUTABLE RESERVE	DISTRIBUTABLE RESERVE		
	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFITS/ (ACCUMULATED LOSS) RM	PROPOSED DIVIDENDS RM	TOTAL RM
THE COMPANY						
At 1.10.2003		6,257,533	-	(4,425)	-	6,253,108
Shares issued pursuant to:-						
- Public issue		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:						
- Paid	29	-	-	(1,201,469)	-	(1,201,469)
- Declared	29	-	-	(1,249,781)	1,249,781	-
Balance at 30.9.2004/ 1.10.2004		8,359,633	8,466,807	733,451	1,249,781	18,809,672
Shares issued pursuant to:-						
- Options exercised under ESOS		319,400	1,437,300	-	-	1,756,700
- Bonus issue		8,679,032	(8,679,032)	-	-	-
Bonus issue expenses incurred		-	(79,659)	-	-	(79,659)
Profit after taxation		-	-	1,025,887	-	1,025,887
Dividends paid	29	-	-	(1,249,781)	(1,249,781)	(2,499,562)
Balance at 30.9.2005		17,358,065	1,145,416	509,557	-	19,013,038

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit before taxation		4,122,681	7,845,429	1,537,692	4,319,126
Adjustments for:-					
Allowance for doubtful debts		-	98,053	-	-
Depreciation of property, plant and equipment		720,909	693,556	-	-
Interest expense		307,006	193,527	-	-
Interest income		(298,108)	(334,051)	(1,891)	-
Gain on disposal of plant and equipment		(85,827)	(46,654)	-	-
Write-back of allowances for doubtful debt		(129,785)	(6,000)	-	-
Operating profit before working capital changes		4,636,876	8,443,860	1,535,801	4,319,126
Properties held for sale		(417,704)	-	-	-
Increase in inventories		(519,949)	(158,300)	-	-
Increase in amount owing by contract customers		(1,707,250)	(1,504,186)	-	-
Decrease/(Increase) in trade and other receivables		1,468,496	(6,587,486)	-	244,134
(Decrease)/Increase in trade and other payables		(2,077,781)	(219,557)	104,055	99,705
CASH FLOW FROM/(FOR) OPERATIONS		1,382,688	(25,669)	1,639,856	4,662,965
Interest paid		(307,006)	(193,527)	-	-
Tax paid		(2,060,452)	(2,839,807)	(513,390)	(1,140,868)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(984,770)	(3,059,003)	1,126,466	3,522,097
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	30	(1,930,069)	(688,000)	-	-
Purchase of other investment		(1,000,000)	-	-	-
Proceeds from disposal of plant and equipment		219,000	49,500	-	-
Net cash inflow/(outflow) on acquisition of subsidiaries	31	129	69	(171)	(131)
Interest received		298,108	334,051	1,891	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,412,832)	(304,380)	1,720	(131)
BALANCE CARRIED FORWARD		(3,397,602)	(3,363,383)	1,128,186	3,521,966

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2005 RM	2004 RM	2005 RM	2004 RM
BALANCE CARRIED FORWARD		(3,397,602)	(3,363,383)	1,128,186	3,521,966
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		1,756,700	11,561,550	1,756,700	11,561,550
Payment of corporate/listing expenses		(79,659)	(992,643)	(79,659)	(992,643)
Advances to subsidiaries		-	-	(327,172)	(12,867,340)
Repayment of hire purchase obligations		(307,262)	(434,838)	-	-
Repayment of term loan		-	(753,778)	-	-
(Decrease)/Increase in bills payables		(610,801)	190,872	-	-
Dividends paid		(2,499,562)	(1,201,469)	(2,499,562)	(1,201,469)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,740,584)	8,369,694	(1,149,693)	(3,499,902)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,138,186)	5,006,311	(21,507)	22,064
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		8,061,528	3,055,217	22,064	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	2,923,342	8,061,528	557	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 2005

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The Company is listed on the MESDAQ Market of Bursa Malaysia Securities 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 17 January 2006.

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 policies in respect of the major areas of treasury activity are as follows:-

(a) Foreign Currency Risk

The Group is exposed to foreign exchange risk on purchases and sales that are denominated in foreign currencies. The Group's primary currency exposure is in United States (US) Dollar, Pound Sterling and Euro.

The foreign currency risk is managed to an acceptable level.

(b) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase facilities. 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 2005 (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 from 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.

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.

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 2005 (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 2005.

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) Investments

(i) *Investments In Subsidiaries*

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

(ii) *Other Investments*

Other investments are held on a long-term basis and are stated at cost. Allowance for diminution in value is only made if the directors are of the opinion that the diminution is permanent.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 78 years to 95 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%

(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) 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.

(h) Properties Held For Sale

Properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Taxation (Cont'd)

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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) 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.

(v) Dividend Income

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

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2005	2004
	RM	RM
Unquoted shares, at cost	5,006,359	5,006,188

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

Name of Company	Equity Interest		Principal Activities
	2005	2004	
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

6. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of Company	Equity Interest		Principal Activities
	2005	2004	
Digistar Rauland MSC Sdn. Bhd.	51%	51%	R&D of software and hardware to be deployed in the area relating to communication, tele-communication and information communication technology and health television operator.
Rauland Asia Sdn. Bhd.	70%	70%	Dormant.
Nielsen Ward & Associates Sdn. Bhd.	61%	61%	Dormant.
Digistar Vision Sdn. Bhd. #	60%	-	Health television operator.
Digistar Engineering Sdn. Bhd. #	60%	-	Dormant.
Digistar Media Sdn. Bhd. #	51%	-	Dormant.

* Subsidiary of Digistar Holdings Sdn. Bhd.

Not audited by Horwath.

7. PROPERTY, PLANT AND EQUIPMENT

	AT 1.10.2004 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 30.9.2005 RM
THE GROUP					
NET BOOK VALUE					
Leasehold land	224,923	396,021	-	(3,833)	617,111
Office lot, shop house and leasehold office units	3,616,811	841,544	-	(82,329)	4,376,026
Site office cabins, plant and machinery, furniture and fittings	185,671	1,601	-	(26,508)	160,764
Office equipment and renovation	723,414	504,272	-	(123,985)	1,103,701
Motor vehicles	1,536,310	416,631	(133,173)	(484,254)	1,335,514
	6,287,129	2,160,069	(133,173)	(720,909)	7,593,116

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	AT COST RM	ACCUMULATED DEPRECIATION RM	TOTAL RM
At 30.9.2005			
Leasehold land	628,636	(11,525)	617,111
Office lot, shop house and leasehold office units	4,747,580	(371,554)	4,376,026
Site office cabins, plant and machinery, furniture and fittings	301,553	(140,789)	160,764
Office equipment and renovation	1,681,430	(577,729)	1,103,701
Motor vehicles	2,942,959	(1,607,445)	1,335,514
	<u>10,302,158</u>	<u>(2,709,042)</u>	<u>7,593,116</u>
At 30.9.2004			
Leasehold land	232,615	(7,692)	224,923
Office lot, shop house 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
	<u>8,834,550</u>	<u>(2,547,421)</u>	<u>6,287,129</u>

Motor vehicles with a total net book value of RM1,212,593 (2004 - RM1,360,816) were acquired under hire purchase terms.

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

	THE GROUP	
	2005 RM	2004 RM
Leasehold land	394,752	-
Leasehold office units	3,331,200	3,404,518
Office lot	63,840	65,520
Shop house	837,336	-
	<u>4,627,128</u>	<u>3,470,038</u>

8. OTHER INVESTMENT

	THE GROUP	
	2005 RM	2004 RM
At cost:-		
Long term structured deposits	<u>1,000,000</u>	<u>-</u>

The long term structured deposits are in respect of a Five-Year MYR-KLIBOR Callable Range Accrual Investment placed with a licensed bank, expiring on 7 February 2010 and bore an effective interest of 7.25% per annum at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

9. PROPERTIES HELD FOR SALE

	THE GROUP	
	2005 RM	2004 RM
At Cost:-		
Shop house	96,541	-
Freehold condominium	321,163	-
	<u>417,704</u>	<u>-</u>

None of the properties is carried at net realisable value.

10. INVENTORIES HELD FOR RESALE

	THE GROUP	
	2005 RM	2004 RM
At cost:-		
Equipment and parts held for resale	2,358,243	1,838,294
	<u>2,358,243</u>	<u>1,838,294</u>

None of the inventories are carried at net realisable value.

11. TRADE RECEIVABLES

	THE GROUP	
	2005 RM	2004 RM
Gross trade receivables	10,994,177	12,498,853
Allowance for doubtful debts:-		
At 1 October 2004/2003	(189,014)	(210,955)
Addition during the financial year	-	(98,053)
Write-back	129,785	6,000
Write-off	-	113,994
	<u>(59,229)</u>	<u>(189,014)</u>
At 30 September	<u>10,934,948</u>	<u>12,309,839</u>

The Group's normal credit terms for trade receivables range from 7 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 2005 (Cont'd)

11. TRADE RECEIVABLES (Cont'd)

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

	THE GROUP	
	2005 RM	2004 RM
Pound Sterling	267,756	-

12. AMOUNT OWING BY CONTRACT CUSTOMERS

	THE GROUP	
	2005 RM	2004 RM
Contract costs incurred to date	67,415,349	44,242,574
Attributable profits	13,725,743	17,313,440
	81,141,092	61,556,014
Progress billings	(75,199,400)	(57,321,572)
	5,941,692	4,234,442

13. AMOUNT OWING BY SUBSIDIARIES

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

14. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM4,426,515 (2004 - RM5,231,323) have been pledged to licensed banks as security for banking facilities granted to a subsidiary.

Fixed deposits at the balance sheet date bore an effective interest of 2.80% (2004 - 2.79%) per annum. The maturity periods of the fixed deposits at the balance sheet date ranged from 30 to 365 days (2004 - 30 to 365 days).

15. TRADE PAYABLES

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

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

	2005 RM	2004 RM
US Dollar	337,445	906,472
Australian Dollar	14,992	9,290
Singapore Dollar	2,122	2,122
Euro	483,372	142,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

16. HIRE PURCHASE PAYABLES

	THE GROUP	
	2005 RM	2004 RM
Minimum hire purchase payments:		
- not later than one year	436,464	423,898
- later than one year and not later than five years	691,894	884,813
	1,128,358	1,308,711
Future finance charges	(97,701)	(200,792)
	1,030,657	1,107,919
Present value of hire purchase payables		
Current:		
- not later than one year	355,410	355,114
Non-current:		
- later than one year and not later than five years	675,247	752,805
	1,030,657	1,107,919

The hire purchase payables at the balance sheet date bore effective interest at rates ranging from 4.54% to 10.72% (2004 - 6.09% to 13.69%) per annum.

17. SHORT TERM BORROWINGS

	THE GROUP	
	2005 RM	2004 RM
Bankers' acceptances	622,000	1,245,000
Trust receipts	33,071	20,872
	655,071	1,265,872

The short term borrowings bear effective interest at rates ranging from 2.98% to 7.25% (2004 - 4.50% to 7.25%) 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.

18. BANK OVERDRAFTS

The bank overdrafts bear effective interest at the rate of 7.25% (2004 - 7.25%) per annum and are secured in the same manner as the short term borrowings as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)**19. SHARE CAPITAL**

	THE GROUP/THE COMPANY			
	2005 NUMBER OF SHARES	2004 NUMBER OF SHARES	2005 RM	2004 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 2004/2003	83,596,325	62,575,325	8,359,633	6,257,533
Allotment during the financial year				
- Public issue	-	20,860,000	-	2,086,000
- Options exercised under ESOS	3,194,000	161,000	319,400	16,100
- Bonus issue	86,790,325	-	8,679,032	-
At 30 September	173,580,650	83,596,325	17,358,065	8,359,633

During the financial year, the Company increased its issued and paid-up share capital from RM8,359,633 to RM17,358,065 by way of:-

- the issuance of 3,194,000 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; and
- the bonus issue of 86,790,325 new ordinary shares of RM0.10 each on the basis of 1 bonus share for every 1 existing ordinary share held. The bonus shares were issued by way of the capitalisation of RM8,679,032 from the share premium account.

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

20. SHARE PREMIUM

	THE GROUP/THE COMPANY	
	2005 RM	2004 RM
At 1 October 2004/2003	8,466,807	-
Premium arising on:		
- Public issue	-	9,387,000
- Shares issued pursuant to options exercised under ESOS	1,437,300	72,450
Capitalisation for bonus issue	(8,679,032)	-
Expenses incurred for corporate listing exercise	(79,659)	(992,643)
At 30 September	1,145,416	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 2005 (Cont'd)**21. NEGATIVE GOODWILL**

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

22. 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 frank the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

23. DEFERRED TAXATION

	THE GROUP	
	2005 RM	2004 RM
At 1 October 2004/2003	59,000	85,000
Transfer from/(to) income statement (Note 27)	12,000	(26,000)
At 30 September	<u>71,000</u>	<u>59,000</u>

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

24. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share is calculated based on the net tangible assets value attributable to shareholders of RM27,504,547 (2004 - RM25,661,936) divided by the number of ordinary shares in issue at the balance sheet date of 173,580,650 shares (2004 - 83,596,325 shares).

25. TURNOVER

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

	THE GROUP		THE COMPANY	
	2005 RM	2004 RM	2005 RM	2004 RM
Contract revenue	28,565,299	49,969,766	-	-
Maintenance income	1,114,911	257,290	-	-
Sales of goods	1,639,829	926,490	-	-
Rental income	96,363	43,200	-	-
Dividend income	-	-	1,833,538	4,486,279
	<u>31,416,402</u>	<u>51,196,746</u>	<u>1,833,538</u>	<u>4,486,279</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 services rendered and goods sold less discounts and returns. Revenue of the Company represents the gross dividend income from investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

26. PROFIT BEFORE TAXATION

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

	THE GROUP		THE COMPANY	
	2005 RM	2004 RM	2005 RM	2004 RM
Allowance for doubtful debts	-	98,053	-	-
Audit fee:				
- for the financial year	23,300	22,000	4,000	4,000
- underprovision in the previous financial year	1,000	-	1,000	-
Contract expenses	19,927,154	36,220,104	-	-
Depreciation of property, plant and equipment	720,909	693,556	-	-
Directors' fee	90,000	90,000	90,000	90,000
Directors' other emoluments	802,440	847,520	61,000	-
Interest expense:				
- bank overdrafts	104,350	35,571	-	-
- bankers' acceptances	30,178	64,595	-	-
- hire purchase	130,362	83,158	-	-
- letter of credit and trust receipts	42,061	2,059	-	-
- term loan	-	7,787	-	-
- other	55	357	-	-
Loss on foreign exchange - realised	3,928	28,491	-	-
Rental of equipment	10,901	18,392	-	-
Rental of premises	48,418	7,500	-	-
Staff costs	4,626,858	5,034,788	-	-
Write-back of allowance for doubtful debts	(129,785)	(6,000)	-	-
Gain on disposal of plant and equipment	(85,827)	(46,654)	-	-
Dividend income from a subsidiary	-	-	(1,833,538)	(4,486,279)
Fixed deposit interest income	(298,108)	(334,051)	(1,891)	-
Rental income	(102,563)	(43,200)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

27. TAXATION

	THE GROUP		THE COMPANY	
	2005 RM	2004 RM	2005 RM	2004 RM
Current tax:				
- for the financial year	1,408,109	2,479,132	508,000	1,130,000
- under/(over)provision in the previous financial year	37,569	(57,260)	3,805	-
	1,445,678	2,421,872	511,805	1,130,000
Deferred taxation (Note 23):				
- under/(over)provision in the previous financial year	12,000	(26,000)	-	-
	1,457,678	2,395,872	511,805	1,130,000

The reconciliation of income tax expense applicable to the profit 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	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before taxation	4,122,681	7,845,429	1,537,692	4,319,126
Tax at the statutory tax rate of 28%	1,154,351	2,196,720	430,554	1,209,355
Tax effects of:-				
Differential in tax rates	(76,575)	(40,000)	-	-
Non-taxable gain	(20,833)	-	-	-
Non-deductible expenses	302,678	255,639	76,692	40,530
Tax-exempt dividend	-	-	-	(115,290)
Deferred tax assets not recognised during the financial year	46,000	62,600	-	-
Under/(Over)provision in the previous financial year:				
- current tax	37,569	(57,260)	3,805	-
- deferred tax	12,000	(26,000)	-	-
Others	2,488	4,173	754	(4,595)
Taxation for the financial year	1,457,678	2,395,872	511,805	1,130,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)**28. EARNINGS PER ORDINARY SHARE**

The basic earnings per ordinary share is arrived at by dividing the Group's profit attributable to the shareholders of RM2,665,132 (2004 - RM5,449,626) with the weighted average number of 173,065,469 (2004 - 144,461,481) 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.

	THE GROUP	
	2005 RM	2004 RM
Net profit attributable to shareholders of the Company	2,665,132	5,449,626
Weighted average number of ordinary shares in issue	173,065,469	144,461,481
Adjusted for ESOS	6,474,353	2,970,441
Adjusted weighted average number of ordinary shares in issue and issuable	179,539,822	147,431,922
Fully diluted earnings per share (sen)	1.5	3.7

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 30 September 2005 has been arrived at based on the assumption that dilutive share options are exercised at the beginning of the year.

29. DIVIDENDS

	THE GROUP/THE COMPANY	
	2005 RM	2004 RM
Paid/Payable:-		
- First interim dividend of 20% per ordinary share less income tax of 28% (2004 - 20%) in respect of the current financial year	1,249,781	1,201,469
- Second interim dividend of Nil per ordinary share less income tax of 28% (2004 - 20%) in respect of the current financial year	-	1,249,781
	1,249,781	2,451,250

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2005 RM	2004 RM
Cost of property, plant and equipment purchased	2,160,069	1,598,000
Amount financed through hire purchase	(230,000)	(910,000)
Cash disbursed for purchase of property, plant and equipment	1,930,069	688,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)**31. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES**

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

	THE GROUP	
	2005 RM	2004 RM
Turnover	21,063	-
Cost of sales	(23,055)	-
Gross loss	(1,992)	-
Other operating income	-	-
Operating expenses	(11,630)	(10,207)
Loss from operations	(13,622)	(10,207)
Finance costs	-	-
Loss for the financial year	(13,622)	(10,207)
Pre-acquisition profit	-	-
Taxation	-	-
Minority interests	129	69
Decrease in net profit of the Group	(13,493)	(10,138)

The effects of the acquisition of the subsidiaries on the financial position of the Group at the financial year end are as follows:-

	THE GROUP	
	2005 RM	2004 RM
Trade receivables	11,062	-
Other receivables	-	18,560
Cash and bank balances	21,121	69
Other payables, deposits and accruals	(14,450)	(2,992)
Increase in net assets of the Group	17,733	15,637

The details of net assets acquired and cash flow arising from the acquisition of the subsidiaries are as follows:-

	THE GROUP	
	2005 RM	2004 RM
Current assets	300	200
Minority interest	(129)	(69)
Total purchase consideration	171	131
Less: Cash and cash equivalents of subsidiaries acquired	(300)	(200)
Cash inflow on acquisition of subsidiaries	(129)	(69)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

32. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2005 RM	2004 RM	2005 RM	2004 RM
Fixed deposits with licensed banks (Note 14)	6,566,515	9,743,783	-	-
Cash and bank balances	104,298	141,587	557	22,064
Bank overdrafts	(3,747,471)	(1,823,842)	-	-
	<u>2,923,342</u>	<u>8,061,528</u>	<u>557</u>	<u>22,064</u>

33. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year in bands of RM100,000 are as follows:-

	Number of directors	Directors' fee RM	Number of directors	Directors' other emoluments RM
THE GROUP				
2005				
- Below RM100,000	7	90,000	3	119,240
- RM100,001 to RM200,000	-	-	-	-
- RM200,001 to RM300,000	-	-	1	273,280
- RM300,001 to RM400,000	-	-	-	-
- RM400,001 to RM500,000	-	-	1	409,920
	<u>7</u>	<u>90,000</u>	<u>5</u>	<u>802,440</u>
2004				
- Below RM100,000	5	90,000	2	70,240
- RM100,001 to RM200,000	-	-	-	-
- RM200,001 to RM300,000	-	-	-	-
- RM300,001 to RM400,000	-	-	1	306,880
- RM400,001 to RM500,000	-	-	1	470,400
	<u>5</u>	<u>90,000</u>	<u>4</u>	<u>847,520</u>
THE COMPANY				
2005				
- Below RM100,000	7	90,000	2	61,000
- RM100,001 to RM200,000	-	-	-	-
- RM200,001 to RM300,000	-	-	-	-
- RM300,001 to RM400,000	-	-	-	-
- RM400,001 to RM500,000	-	-	-	-
	<u>7</u>	<u>90,000</u>	<u>2</u>	<u>61,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

33. DIRECTORS' REMUNERATION (Cont'd)

	Number of directors	Directors' fee RM	Number of directors	Directors' other emoluments RM
THE COMPANY (Cont'd)				
2004				
- Below RM100,000	5	90,000	-	-
- RM100,001 to RM200,000	-	-	-	-
- RM200,001 to RM300,000	-	-	-	-
- RM300,001 to RM400,000	-	-	-	-
- RM400,001 to RM500,000	-	-	-	-
	5	90,000	-	-

34. SEGMENTAL INFORMATION

	SYSTEM INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	ELIMINATION RM	GROUP RM
2005						
THE GROUP						
REVENUE						
External revenue	28,565,299	1,639,829	1,114,911	96,363	-	31,416,402
Intersegment revenue	-	-	-	450,255	(450,255)	-
Total revenue	28,565,299	1,639,829	1,114,911	546,618	(450,255)	31,416,402
RESULTS						
Segment results (external)	3,294,374	327,966	557,456	366,809	-	4,546,605
Finance costs	(423,924)	-	-	-	-	(423,924)
Profit from ordinary activities before taxation						4,122,681
Taxation						(1,457,678)
Profit from ordinary activities after taxation						2,665,003
Minority interests						129
Profit attributable to shareholders of the Company						2,665,132

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

34. SEGMENTAL INFORMATION (Cont'd)

OTHER INFORMATION	SYSTEM INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	TOTAL RM
Segment assets	29,549,267	410,032	301,853	4,993,137	35,254,289
Segment liabilities	3,250,203	-	-	4,330,982	7,581,185
Capital expenditure	922,504	-	-	1,237,565	2,160,069
Depreciation	636,427	-	-	84,482	720,909

	SYSTEM INTEGRATION 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	49,969,766	926,490	257,290	470,400	(427,200)	51,196,746

RESULTS

Segment results (external)	7,630,778	203,828	128,645	271,113	-	8,234,364
Finance costs	(388,935)	-	-	-	-	(388,935)
Profit from ordinary activities before taxation						7,845,429
Taxation						(2,395,872)
Profit from ordinary activities after taxation						5,449,557
Minority interests						69
Profit attributable to shareholders of the Company						5,449,626

OTHER INFORMATION	SYSTEM INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	RENTAL RM	TOTAL RM
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

35. NUMBER OF EMPLOYEES

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
Number of employees at balance sheet date	121	126	-	-

36. 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:-

	2005 RM	2004 RM
Australian Dollar	2.88	2.76
US Dollar	3.77	3.82
Euro	4.54	4.69
Singapore Dollar	2.23	2.26
Pound Sterling	6.67	-

37. 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 sale or liquidation. 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.

(b) Other Investments

It is not practicable to estimate the fair value of the Group's non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable amount.

(c) Amount Owed 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.

(d) Short Term Borrowings and Other Current Liabilities

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

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005 (Cont'd)

38. CONTINGENT LIABILITIES

	THE COMPANY	
	2005 RM	2004 RM
Unsecured:-		
Guarantees given to financial institutions in respect of facilities extended to a subsidiary	26,190,000	26,190,000
Liquidated and ascertained damages in respect of purported delay in completion of contracted work *	7,483,580	-
	<u>33,673,580</u>	<u>26,190,000</u>

* A legal proceeding was initiated by the Company against a third party, claiming the sum of approximately RM1.4 million for the outstanding amount owing for more than two years. The third party is counter-claiming a sum of approximately RM7.5 million for liquidated and ascertained damages in respect of purported delay in the completion of contracted works. As at the date of this report, the case is pending hearing.

The directors are of the opinion that the claim would be unsuccessful and as such no material liability is expected to arise.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (i) On 2 March 2005, the Company subscribed for a 60% equity interest in Digistar Engineering Sdn. Bhd. for a cash consideration of RM60;
- (ii) On 23 March 2005, the Company subscribed for a 60% equity interest in Digistar Vision Sdn. Bhd. for a cash consideration of RM60; and
- (iii) On 13 April 2005, the Company subscribed for a 51% equity interest in Digistar Media Sdn. Bhd. for a cash consideration of RM51.

40. CAPITAL COMMITMENT

	THE GROUP	
	2005 RM	2004 RM
Approved but not contracted for	-	1,176,000

ANALYSIS OF SHAREHOLDINGS AS AT 7 FEBRUARY 2006

Authorised Share Capital	: RM 25,000,000.00
Issued and Fully Paid-Up Share Capital	: RM 17,358,065.00
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	1	38	0.00
100 to 1,000 shares	50	31,700	0.02
1,001 to 10,000 shares	1,391	8,156,200	4.70
10,001 to 100,000 shares	990	31,304,800	18.03
100,001 to 8,679,031 shares	150	67,559,118	38.92
8,679,032 and above	1	66,528,794	38.33
	2,583	173,580,650	100.00

20 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

(as per Record of Depositors without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1	Kenangan Lampiran Sdn Bhd	56,684,394	32.66
2	Kenangan Lampiran Sdn Bhd	9,844,400	5.67
3	Mayban Nominees (Tempatan) Sdn Bhd (Malaysian Trustees Berhad For Mayban Smallcap Trust Fund)	8,040,000	4.63
4	Lee Wah Chong	2,958,802	1.70
5	Wa Siew Yam	2,413,230	1.39
6	Ong Fee Chong	2,400,110	1.38
7	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Desipac Sdn Bhd)	1,913,000	1.10
8	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Teoh See Yong)	1,900,000	1.09
9	Low Lye Seng	1,880,676	1.08
10	Chow Song Kuang	1,559,200	0.90

ANALYSIS OF SHAREHOLDINGS AS AT 7 FEBRUARY 2006 (Cont'd)**20 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (Cont'd)**

(as per Record of Depositors without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
11	Loh Teck Wah	1,313,200	0.76
12	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (Malaysia) Trustee Berhad For Amanah Saham Sarawak)	1,200,000	0.69
13	Gan Wee Peng	1,048,500	0.60
14	ECM Libra Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Yeap Gek @ Yeap Poh Chim)	1,032,000	0.59
15	Citigroup Nominees (Asing) Sdn Bhd (Exempt An For Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign))	1,000,000	0.58
16	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd For Teh Kee Hong)	1,000,000	0.58
17	M & A Nominee (Tempatan) Sdn Bhd (Ng Sing Huat)	1,000,000	0.58
18	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lee Swee Eng)	1,000,000	0.58
19	Adelene Madeline Alvisse	990,000	0.57
20	Loo Ah Soon	928,700	0.54
	Total	100,106,212	57.67

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	%	Indirect Interest	%
1	Kenangan Lampiran Sdn Bhd	65,218,794	37.57	-	-
2	Lee Wah Chong	2,958,802	1.70	65,218,794*	37.57
3	Ong Fee Chong	2,400,110	1.38	65,218,794*	37.57

* 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.

ANALYSIS OF SHAREHOLDINGS AS AT 7 FEBRUARY 2006 (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	2,958,802	1.70	65,218,794*	37.57
Ong Fee Chong	2,400,110	1.38	65,218,794*	37.57
Wa Siew Yam	2,413,230	1.39	-	-
Lee Mely	-	-	-	-
YB Dato' Hasan Bin Malek	-	-	-	-
Ir. Loh Khoo 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.

LIST OF PROPERTIES AT 30 SEPTEMBER 2005

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	27 years	63,840	1994
B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang , Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	448,440	1997
B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	508,029	1997
B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	362,585	1998
B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	377,633	2001
B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	342,696	2001
B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	357,751	2002

LIST OF PROPERTIES AT 30 SEPTEMBER 2005 (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
B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	382,919	2002
B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	10 years	551,148	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	5 years	176,084	2002
Lot 165, Mukim Kuala Kuantan, Pahang	Land (vacant bungalow lot)	15289*	Leasehold for 99 years expiring on 10/09/2092	N/A	189,925	2002
C19, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor.	Shop-office	Build-up area: 8,124 Land area: 1,920	Leasehold for 99 years expiring on 07/05/2083	12 years	1,232,088	2005
No. 28-1A, Jalan Sungai Chandong 9, Bandar Armada Putra, Pulau Indah, 42100 Pelabuhan Klang, Selangor.	Shop-office	644	Leasehold for 99 years expiring on 23/05/2089	4 years	96,541	2005
Lot 10-01, Astaka Heights, Taman Pandan Perdana, 56100 Cheras, Kuala Lumpur.	Penthouse	2091	Freehold	Development in-progress	321,163	2005



DIGISTAR CORPORATION BERHAD

(Company No. 603652-K)
(Incorporated in Malaysia)

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 Third 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 Thursday, 23 March 2006 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		

Signed this day of 2006

.....
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 forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting.

* Delete where applicable

FOLD THIS FLAP FOR SEALING

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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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