



DIGISTAR CORPORATION BERHAD  
(company no.:603652-K)

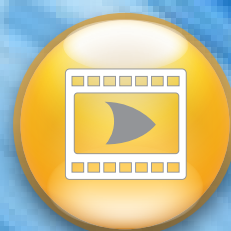
annual report



Broadcast



Information Technology



Telecommunication

Audio & Visual



Security



E-commerce



09

IPTV



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Digistar supports many programs and endeavours. One of the endeavours is to promote values of a caring multi-racial and to promote the practices of giving back to the community. In view of that, Digistar had in the past supported good causes through donations to non-profit organizations and hospitals namely Hospital for 'Orang Asli' at Gombak, Old Folks Home in Ampang, Leprosy Hospital at Sungai Buloh with the most recent one The Selangor Family Aid Association located in Ulu Yam which was organized last year on 14<sup>th</sup> November 2009. The Selangor Family Aid Association was carefully selected out of the numerous charity homes in Malaysia as it was lacking the attention and support from the local community.



During the event, the management and staffs of Digistar had participated in a special 'gotong-royong' to clean the home's compound and wards. Digistar had also hosted a special luncheon followed by a special two hours performance by Encik Helmi Gimmick was done for all the residents of the home. Digistar had also given away goodie bags consisting of daily necessities to all the residents of the home.

On the education front, Digistar is working closely with various local universities such as University Malaya, University Tuanku Abdul Rahman, University Technology Malaysia, University Tenaga Nasional, MONASH University and INTI University College by offering on the job training and practical to the undergraduates who are pursuing electrical and electronic studies in order to equip them with the knowledge after they have graduated from their studies.

In association with the above, we respond to the needs of communities by supporting and enriching the lives of the poor families by selecting the under privilege graduates who deserves to receive educational funding for their studies.

Currently, Mr. Liew Tau Chin is one of the lucky undergraduates to be chosen by Digistar to pursue his studies at Pusat Teknologi Electronic Mahir. Once completed his studies, Mr. Liew Tau Chin will be offered a position in Digistar.



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Form of Proxy

## Vision 2020 Aspiration

As part of its social contribution towards moving Malaysia towards Vision 2020, the Group responded to the Malaysian government's call to provide industrial training opportunities via internship to the students from the University of Technology Malaysia (UTM), Universiti Institut Teknologi Malaysia (UiTM), Universiti Teknologi Mara (MARA) and private colleges starting from year 1998. This provides an avenue for DIGISTAR to employ potential employees upon completion of their studies.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Digistar Corporation Berhad will be held at Embassy I, Level 6, D-Villa Residence, No. 225, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 31 March 2010 at 10.00 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2009 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following directors who are retiring under Article 86 of the Articles of Association of the Company:
  - 1.1 Datuk Lee Wah Chong *(Ordinary Resolution 1)*
  - 1.2 Datin Wa Siew Yam (f) *(Ordinary Resolution 2)*
  - 1.3 Lye Siang Long *(Ordinary Resolution 3)*
3. To approve the sum of RM315,000 being the directors' fees for the financial year ended 30 September 2009. *(Ordinary Resolution 4)*
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

### 5. Special Businesses:

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

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

“THAT, subject to the Companies Act 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad.”

*(Ordinary Resolution 6)*

#### 5.2 Proposed Renewal of Authority to Purchase the Company's Own Shares

“THAT subject to the Companies Act, 1965 (“the Act”), the Articles of Association of the Company and the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”), the Directors of the Company, with effect from the date on which this resolution is passed, be and are hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through the ACE Market of Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of ordinary shares purchased and/or retained by the Company as treasury shares pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company during the authorised period;

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

- (ii) the maximum fund allocated by the Company for the Share Buy-back shall not exceed the total retained profits and share premium account of the Company and based on the Audited Financial Statements as at 30 September 2009, the retained profits and share premium account of the Company were RM2,234,023 and RM1,630,187 respectively. Based on the unaudited First Quarter results for the period ended 31 December 2009, the retained profits and share premium account of the Company were RM2,179,878 and RM1,630,187 respectively;
- (iii) the authority conferred by this resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first; and
- (iv) upon completion of the purchase(s) of the shares by the Company, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:
  - (a) cancel all the shares so purchased; or
  - (b) retain the shares so purchased as treasury shares; or
  - (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - (d) distribute the treasury shares as dividends to shareholders and/or resell on the market of Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities for the ACE Market and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

*(Ordinary Resolution 7)*

## BY ORDER OF THE BOARD

TAN BEE HWEE (MAICSA 7021024)  
FOONG SUET LI (MAICSA 7045563)  
*Company Secretaries*

Kuala Lumpur  
5 March 2010

## Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. If a member appoints two (2) 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/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member of the Company is an authorised nominee as defined under the Central Depository Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary Shares of the Company standing to the credit of the said Securities Account.
3. 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.
4. The instrument appointing a proxy or the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid



# NOTICE OF ANNUAL GENERAL MEETING

## (CONT'D)

Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the meeting or any adjournment thereof.

### **Explanatory Note on the Special Business**

#### **Ordinary Resolution 6**

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

The Ordinary Resolution 6 is proposed to seek for a renewal of general authority pursuant to Section 132D of the Companies Act, 1965, if passed, it will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

As at the date of this notice, no new shares in the Company were issued pursuant to the general authority to the Directors for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act") at the 6<sup>th</sup> Annual General Meeting ("AGM") held on 12 March 2009 and which will lapse at the conclusion of the 7<sup>th</sup> AGM.

The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organize a general meeting.

#### **Ordinary Resolution 7**

##### **Proposed Renewal of Authority to Purchase the Company's Own Shares**

The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to a maximum of ten per centum (10%) of the issued and paid-up share of the Company at any point of time, by utilising the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company, subject to the Act, Listing Requirements of Bursa Securities, any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

Please refer to Statement to Shareholders as set out in this Annual Report for further information.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**YB Datuk Md. Sirat Bin Abu**  
(Independent Non-Executive Chairman)

**Datuk Lee Wah Chong**  
(Managing Director)

**Datin Wa Siew Yam**  
(Executive Director)

**Ong Fee Chong**  
(Executive Director)

**Lye Siang Long**  
(Executive Director)

**YB Datuk Ab Wahab Bin Ab Latip**  
(Independent Non-Executive Director)

**Ir. Loh Khoon Hong**  
(Independent Non-Executive Director)

**Cheong Yee Kiong**  
(Independent Non-Executive Director)

### AUDIT COMMITTEE

Chairman

**YB Datuk Ab Wahab Bin Ab Latip**  
(Independent Non-Executive Director)

Members

**Ir. Loh Khoon Hong**  
(Independent Non-Executive Director)

**Cheong Yee Kiong**  
(Independent Non-Executive Director)

### NOMINATION COMMITTEE

Chairman

**YB Datuk Ab Wahab Bin Ab Latip**  
(Independent Non-Executive Director)

Members

**Ir. Loh Khoon Hong**  
(Independent Non-Executive Director)

**Cheong Yee Kiong**  
(Independent Non-Executive Director)

### REMUNERATION COMMITTEE

Chairman

**YB Datuk Ab Wahab Bin Ab Latip**  
(Independent Non-Executive Director)

Members

**Datuk Lee Wah Chong**  
(Managing Director)

**Ir. Loh Khoon Hong**  
(Independent Non-Executive Director)

**Cheong Yee Kiong**  
(Independent Non-Executive Director)

### COMPANY SECRETARIES

Tan Bee Hwee (MAICSA 7021024)  
Foong Suet Li (MAICSA 7045563)

### REGISTERED OFFICE

Level 18, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 8888 Fax: 03-2282 2733

### CORPORATE OFFICE

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

### AUDITORS

Crowe Horwath  
Chartered Accountants  
Level 16, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: 03-21660000 Fax: 03-21661000

### SHARE REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 3883 Fax: 03-2282 1886

### PRINCIPAL BANKERS

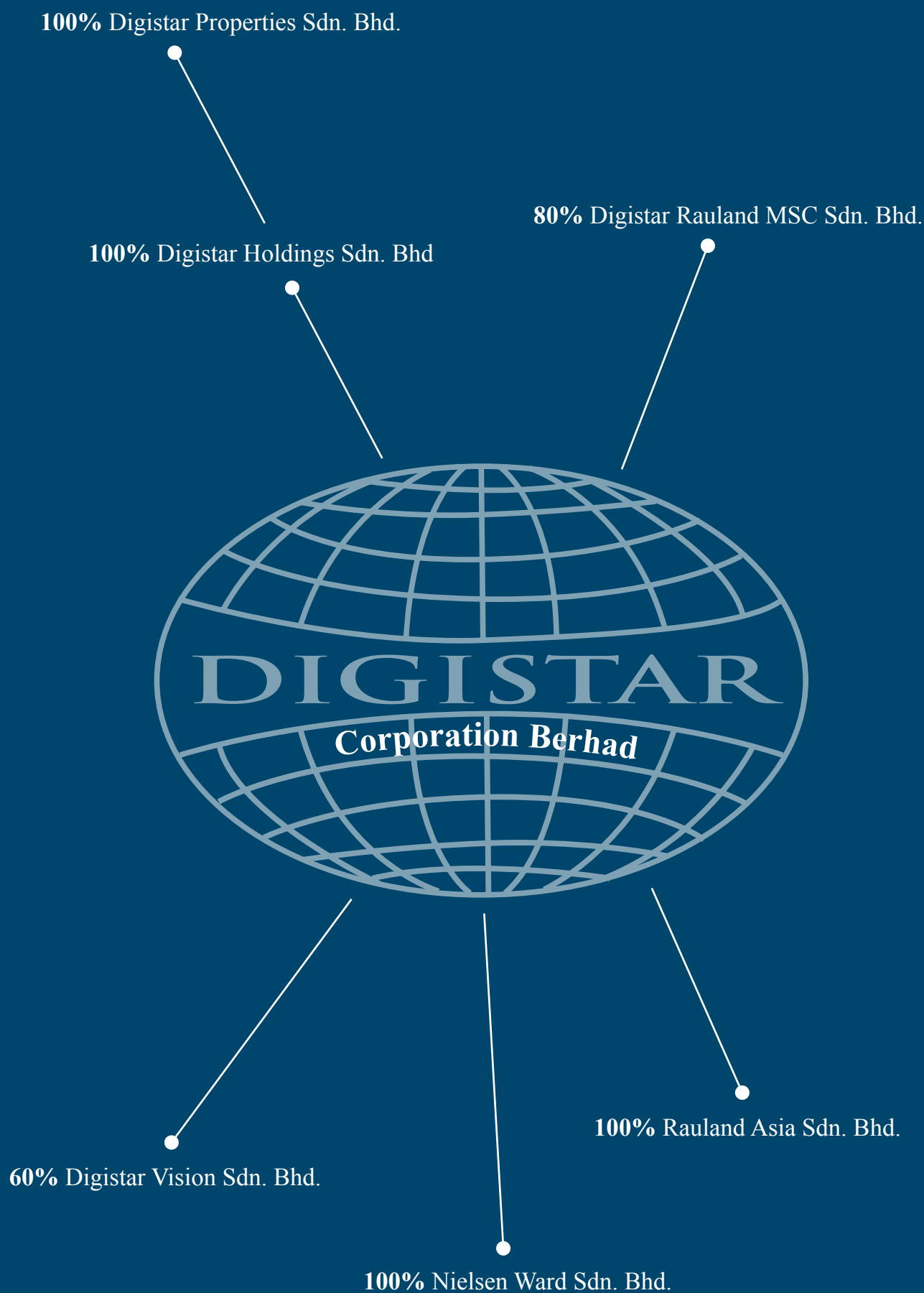
United Overseas Bank (Malaysia) Berhad  
OCBC Bank (Malaysia) Berhad  
Malayan Banking Berhad

### STOCK EXCHANGE LISTING

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

## GROUP STRUCTURE

AS AT 8 FEBRUARY 2010





## DIRECTORS' PROFILE

### YB DATUK MD. SIRAT BIN ABU

YB Datuk Md. Sirat Bin Abu, a Malaysian aged 51, was appointed to the Board of Directors of the Company on 14 April 2008. He is an Independent Non-Executive Chairman of the Company. He possesses a Diploma Perguruan from Maktab Penguruan Mohd Khalid, Johor Bahru and Certificate in Management from University of Science Malaysia. In 2008, he was graduated from Newcastle University with a Bachelor of Commerce in hospitality management. He served as a teacher for more than 14 years before he was appointed as the confidential secretary to the Deputy Minister of Transport in 1995 to 1998. In year 1999, he was appointed as the confidential secretary to the Deputy Minister of Health and became political secretary to Malacca Chief Minister in year 2000. He was also the Mayor of Bandar Malacca in year 2001 to 2002 and the Chairman of Muzium Malacca in year 2003. In year 2004 to 2007, he was the political secretary to Malacca Chief Minister. He is currently an elected Member of Parliament of Bukit Katil Constituency. He is also a director of Koperasi Belia Nasional Berhad.

He attended three (3) out of six (6) Board of Directors' Meeting held during the financial year ended 30 September 2009.

### DATUK LEE WAH CHONG

Datuk Lee Wah Chong, a Malaysian aged 52, was appointed as the Managing Director of the Company on 18 August 2003. He is also a member of Remuneration Committee of the Company. Datuk 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. He is the founder of Digistar Group which started as an audio visual system provider in 1982 which expanded to a total solution provider in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems. As the Managing Director of the Group, Datuk Lee has been the main driving force of the Group since 1982. His sound technical background and management skills have taken the Group to the forefront of the system integration industry.

Datuk Lee attended five (5) out of six (6) Board of Directors' Meeting held during the financial year ended 30 September 2009.

### ONG FEE CHONG

Mr. Ong Fee Chong, a Malaysian aged 39, was appointed to the Board of Directors of the Company on 18 August 2003. He is the Executive Director of the Company. 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 and is currently still holding that position in the Company. Mr Ong has more than fifteen (15) years of experience in the system integration industry.

Mr. Ong attended all six (6) Board of Directors' Meeting held during the financial year ended 30 September 2009.

### DATIN WA SIEW YAM

Datin Wa Siew Yam, a Malaysian aged 51, was appointed to the Board of Directors of the Company on 18 August 2003. She is the Executive Director of the Company. 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 and left in 1995. In 2002, she was appointed as a Director of Digistar Holdings Sdn Bhd, a position she holds until today.

She attended five (5) out of six (6) Board of Directors' Meetings held during the financial year ended 30 September 2009.

### YB DATUK AB WAHAB BIN AB LATIP

YB Datuk Ab Wahab Bin Ab Latip, a Malaysian aged 54, was appointed as an Independent Non-Executive Director of the Company on 27 April 2004. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration 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 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 two (2) years. He served as a primary school teacher for twenty-four (24) years and has retired on 12 March 2004. Currently, he is the elected State Assemblyman of Rembia Constituency, Melaka.

He attended four (4) out of six (6) Board of Directors' Meeting held during the financial year ended 30 September 2009.

## DIRECTORS' PROFILE

### (CONT'D)

#### IR. LOH KHOON HONG

Ir. Loh Khoon Hong, a Malaysian aged 66, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. 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, Malaysia and a Chartered Engineer, United Kingdom. He is a Fellow of The Institution of Engineers, Malaysia and The Institution of Engineering and Technology, United Kingdom. He is also a Senior Member of The Institution of Engineers, Singapore, a member of The Chartered Institution of Building Services Engineers, United Kingdom and Society of Light and Lighting, 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.

He attended five (5) out of six (6) Board of Directors' Meeting held during the financial year ended 30 September 2009.

#### LYE SIANG LONG

Mr. Lye Siang Long, a Malaysian aged 40, was appointed to the Board of Directors on 12 April 2006. He is the Executive Director of the Company. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He served with Messrs. KPMG, Penang for five (5) years. He left Messrs. KPMG in year 1999 as Audit Supervisor to join Planet Technology (M) Sdn Bhd as Finance and Administration Manager. He stayed with the Company for three (3) years before joining Digistar Holdings Sdn Bhd in year 2002 and is currently the Finance Director of the Company.

Mr Lye attended all six (6) Board of Directors' Meeting held during the financial year ended 30 September 2009.

#### CHEONG YEE KIONG

Mr. Cheong Yee Kiong, a Malaysian aged 48, was appointed as an Independent Non-Executive Director of the Company on 30 January 2009. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is a professionally qualified accountant as a member of the Malaysian Institute of Accountants. He completed his professional studies at the Tunku Abdul Rahman College, graduating with a diploma in commerce (management accounting) in 1984. He joined SYF Resources Berhad in early 2003 as Financial Controller and eventually assumed the positions of Director of Finance and Company Secretary before joining the board on 18 November 2008. During his career, he had gained experience in corporate and financial matters as financial controller with two other locally listed companies involved in construction and property development. Apart from that, he had also been a dealer's representative in the stockbroking industry.

Mr. Cheong attended three (3) out of three (3) Board of Directors' Meeting held during his tenure as director in the financial year ended 30 September 2009.

#### Notes to Directors' Profile

Datuk Lee Wah Chong is the husband of Datin Wa Siew Yam.

The other Directors do not have any family relationship with any Directors and/or substantial shareholders of the Company, except as disclosed above.

The details of the Directors' securities holdings are set out in the Analysis of Ordinary Shareholdings and Warrants as at 8 February 2010 of this Annual Report.

The details of the Directors' attendance at board meetings are set out in the Statement of Corporate Governance of this Annual Report.

None of the Directors have been convicted for any offences within the past ten (10) years other than traffic offences, if any. None of the Directors have any conflict of interest with the Company.

## CHAIRMAN'S STATEMENT AND OPERATIONAL REVIEW

Our financial year ended 30 September 2009 was indeed a challenging year as the global economy faced an unprecedented economic contraction that affected nations and corporations worldwide. Against this backdrop, I am pleased to present to you the Annual Report and Financial Statements of Digistar Corporation Berhad ("Digistar or the Company") for the financial year ended 30 September 2009.

### ECONOMIC REVIEW

Being a small and open economy, Malaysia was not spared from the financial crisis that hit the global economy in 2009. Following a collapse in external demand that hit the economy since 4Q2008, industrial production declined dramatically, causing the GDP to contract by as much as 6.2% year-on-year (y-o-y) in 1Q2009, its steepest decline since 4Q1998. The weakness in the external sector later reverberated across the domestic economy, dragging private consumption down by 0.7% in 1Q2009, its first contraction since 1Q1999. In 2Q2009, economic contraction continued, albeit at a slower pace than in the earlier quarter as the external sector began to stabilise following concerted efforts by global central banks and massive fiscal measures introduced by developed and emerging economies. In response to the rapid deterioration in economic activity since the final quarter of 2008, Bank Negara Malaysia (BNM) turned aggressive and slashed its benchmark Overnight Policy Rate (OPR) by 150 bps within four months. Since then, the OPR was left unchanged at 2.00% while the Statutory Reserve Requirement (SRR) was kept at 1.0% to reduce financial intermediation costs and to ensure sufficient liquidity in the economy. This move was complemented by fiscal measures through an introduction of a huge second stimulus package in March 2009 amounting to RM60 billion to alleviate the severity of the downturn.

Following a turnaround in major and emerging economies such as the US, Euro, Japan, China and India in 3Q2009, Malaysia's GDP contraction moderated to 1.2% from -3.9% in 2Q2009. The improvement was primarily attributed to a recovery in exports as well as a rebound in private consumption following a more stable labour market, evidenced by a drop in unemployment to 3.6% in 2Q2009 from 4% in the earlier quarter. Rising optimism was also reflected in a sharp turnaround in equity market indices across the region, boosting business and consumer sentiments. Malaysia's FBM KLCI surged by 51.1% since hitting its low in March 2009 while the MIER's Consumer Sentiment Index (CSI) rebounded to above the 100-point boom-or-bust threshold for two consecutive quarters in 3Q2009. In the same vein, the sequential trend showed that GDP actually grew by 5.7% quarter-on-quarter (q-o-q) in 3Q2009 after expanding by 4.8% q-o-q in the earlier quarter. Prior to that, GDP contracted by 3.4% and 7.8% q-o-q in 4Q2008 and 1Q2009 respectively.

(Source: Economic Outlook 2010 from Malaysian Rating Corporation Berhad)

The construction sector expanded 2.0% during the first half of 2009 (January – June 2008: 4.5%) attributed to strong performance of residential, non-residential and special trade works subsectors. This was driven by implementation of various projects under the stimulus packages, which among others; include building low-and medium-cost houses as well as upgrading, repairing and maintenance of public buildings and rural roads. As at 30 September 2009, a total of 84,729 projects worth RM12.7 billion were implemented. As such, the sector is expected to expand 3.5% in 2009.

The communication sub-sector is expected to grow 5.7%, driven by strong expansion in the telecommunications industry. During the first half of 2009, the sub-sector posted favourable growth of 5.3% (January – June 2008: 7.7%), attributed to higher usage of cellular, broadband and third generation (3G) services. The ICT has been identified as a strategic driver in the development of the economy. In this context, telecommunications, digital content development as well as high-end shared services and outsourcing (SSO) have been identified as niche areas for further development.

(Source: Ministry of Finance, Economic Report 2009/2010)

Based on the above, the expected growth of the construction industry, as well as the Government's strong and continual support in the ICT industry in Malaysia bodes well for the future of the Digistar Group.

### OPERATIONAL AND FINANCIAL REVIEW

For the financial year ended 30 September 2009, the Group registered total revenue of approximately RM44.7 million as compared to approximately RM52.0 million achieved in the previous year. After accounting for tax and minority interest, the profit attributable to shareholders of the Company was approximately RM632,000 for the financial year ended 30 September 2009 as compared to profit attributable to shareholders of the Company of approximately RM596,000 for the financial year ended 30 September 2008.

The reduction in the revenue for the financial year ended 30 September 2009 was mainly due to the timing differences in the delivery of certain projects. The marginal improvement in the performance in the financial year ended 30 September 2009 was attributable to higher profit margin generated from system integration and sales of goods activities coupling with lower allowance for doubtful debts.

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, broadcasting systems and other related electronic systems.

# CHAIRMAN'S STATEMENT AND OPERATIONAL REVIEW

## (CONT'D)

### DIVIDENDS

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

### PROSPECTS

The economy is expected to benefit from stabilising global economic conditions, augmented by fiscal measures and accommodative monetary policy. GDP growth is forecast to turn around to 2.0% - 3.0% in 2010 (2009: -3.0%) driven by domestic demand, particularly the private expenditure and supported by expected recovery in external demand.

Under the second stimulus package, Malaysia Government has and will continue to roll-out many projects, the Group will have a fair chance to secure more sales in the coming financial year.

For broadcasting, most of the television networks and production facilities in the Asia-Pacific region are still on analogue systems. All countries currently strive towards meeting the International Telecommunication Union's deadline of June 17, 2015 for broadcasting to transit from analogue to digital or they stand the risk of being isolated from the world's broadcasting community.

With the introduction of High Definition ("HD") contents to the general viewers, most of the broadcasters are working against time to have their broadcast stations HD ready. This gives ample opportunities for the Company to offer its broadcast system integration services to broadcasters in this region. The Company is focusing on boosting its recurring service and maintenance income.

Barring any unforeseen circumstances, the Directors anticipate that the Group will remain profitable for the financial year ending 30 September 2010.

### BOARD CHANGES

On behalf of the Board, I would like to take this opportunity to extend a warm welcome to Mr Cheong Yee Kiong to the Board.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to convey my sincerest appreciation to the management and employees of Digistar Group for their unwavering dedication and commitment.

I would like to extend my deepest gratitude to shareholders, bankers, business associates and all our stakeholders for their continued support to Digistar.

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

**YB DATUK MD. SIRAT BIN ABU**  
Chairman  
5 March 2010

# AUDIT COMMITTEE REPORT

The Board of Directors of Digistar Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 30 September 2009. The primary objective of the Audit Committee is to assist the Board to oversee the financial reporting and assess the Group's processes relating to its risk and control environment. The Audit Committee is also responsible for evaluating the internal and external audit processes.

## 1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

Chairman	: YB Datuk Ab Wahab Bin Ab Latip	(Independent Non-Executive Director)
Members	: Ir. Loh Khoo Hong	(Independent Non-Executive Director)
	Cheong Yee Kiong	(Independent Non-Executive Director)

## 2. TERMS OF REFERENCE

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

### a) Composition of Audit Committee

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

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

- (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- (ii) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

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

### b) Chairman

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

### c) Secretary

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

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them 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 internal and external auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal and external auditors may also request a meeting if they consider it necessary.

# AUDIT COMMITTEE REPORT

## (CONT'D)

### e) Rights

The Audit Committee shall:

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

### f) Duties

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

- (i) To review with the external auditors on:
  - the audit plan, its scope and nature;
  - the audit report;
  - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (ii) To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.
- (iii) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- (iv) To review the internal audit programme and results of the internal audit process and whether or not appropriate action is taken on the recommendations of the internal auditors.
- (v) To review with management:
  - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
  - interim financial information; and
  - the assistance given by the officers of the Company to external auditors.
- (vi) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (vii) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
  - changes in or implementation of major accounting policy and practices;
  - significant and / or unusual matters arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements; and
  - major areas.
- (viii) To consider the appointment and / or re-appointment of internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.
- (ix) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.



# AUDIT COMMITTEE REPORT

(CONT'D)

## 3. SUMMARY OF ACTIVITIES

There were five (5) Audit Committee meetings held during the financial year ended 30 September 2009, the details of the attendance are as follows:

NAME	ATTENDANCE
YB Datuk Ab Wahab Bin Ab Latip	5/5
Ir. Loh Khoo Hong	5/5
Lye Siang Long (Resigned on 30 January 2009)	2/2
Cheong Yee Kiong (Appointed on 30 January 2009)	3/3

During the financial year ended 30 September 2009, the Audit Committee met with the external auditor twice to discuss any matters without the presence of the executive board members of the Company.

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

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the year ended 30 September 2009 in the discharge of its functions and duties, including the deliberation and review of:

- a) the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to the submission to the Board for their approval and release of the Group's results to Bursa Securities.
- b) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.
- c) the external auditors' report in relation to audit and accounting issues arising from the audit; matters arising from audit of the Group in meeting with the external auditors without the presence of the executive Board members and management.
- d) the new developments and updates on Financial Reporting Standards issued by the Malaysian Accounting Standards Board and their impact on the Group.
- e) the Audit Committee Report and Statement on Internal Control for compliance with the Code and AMLR before recommending to the Board for approval.
- f) the audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.
- g) the related party transactions and potential conflict of interest situation that may have arisen within the Company or Group.
- h) the external audit fees for the financial year ended 30 September 2009 and recommended the same for the approval of the Board of Directors.
- i) the re-appointment of the external auditors with the consultation of the management and recommended to the Board of Directors for approval.

## 4. INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent consulting firm.

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

During the financial year ended 30 September 2009, the internal auditors had conducted risk management assessment in relation to Digistar Group's operations.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 30 September 2009 was RM 7,365.

# STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

## 1. Disclaimer Statement

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

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

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

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

## 3. Retained Profits and Share Premium

Based on the audited financial statements for the year ended 30 September 2009, the retained profits and share premium account of the Company stood at RM2,234,023 and RM1,630,187 respectively.

## 4. Source of Funds

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

In the event that the Company decides to utilise external borrowings to finance the Proposed Renewal, there will be a decline in its net cashflow to the extent of the interest cost associated with such borrowings but the Board of Directors of Digistar does not foresee any difficulty in the servicing of interest and repayment of borrowings used for the Proposed Renewal, if any. Based on the audited consolidated financial statements of Digistar as at 30 September 2009, the Group has a net cash and cash equivalent balance of approximately RM9,577,380.

## 5. Direct and Indirect Interests of the Directors and Substantial Shareholders

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

The direct and indirect interest of the Directors and Substantial Shareholders of Digistar as at 8 February 2010 are set out in the tables below together with the effect of the Proposed Renewal assuming that Digistar implements the Proposed Renewal in full and all the shares so purchased are fully cancelled under the following scenarios:

**Minimum Scenario :** Assuming that none of the 90,040,325 outstanding 2007/2017 warrants (“Outstanding Warrants”) are exercised.

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

## STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

### 5. Direct and Indirect Interests of the Directors and Substantial Shareholders (cont'd)

#### a) Direct and Indirect Interests of the Directors of Digistar

##### Minimum Scenario:

	Before Proposed Renewal <sup>(i)</sup>				After Proposed Renewal <sup>(ii)</sup>			
	Direct Interest		Indirect Interest <sup>#</sup>		Direct Interest		Indirect Interest <sup>#</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Lee Wah Chong	7,430,102	4.17	43,158,794	24.24	7,430,102	4.31	43,158,794	25.03
Ong Fee Chong	2,400,110	1.35	43,158,794	24.24	2,400,110	1.39	43,158,794	25.03
Datin Wa Siew Yam	4,413,230	2.48	-	-	4,413,230	2.56	-	-

##### Maximum Scenario:

	Before Proposed Renewal <sup>(i)</sup>				After Proposed Renewal <sup>(ii)</sup>			
	Direct Interest		Indirect Interest <sup>#</sup>		Direct Interest		Indirect Interest <sup>#</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Lee Wah Chong <sup>(a)</sup>	10,970,102	4.09	64,758,794	24.16	10,970,102	4.33	64,758,794	25.55
Ong Fee Chong <sup>(b)</sup>	3,600,165	1.34	64,758,794	24.16	3,600,165	1.42	64,758,794	25.55
Datin Wa Siew Yam <sup>(c)</sup>	5,623,230	2.10	-	-	5,623,230	2.22	-	-

##### Notes:

- (i) After taking into account the 13,574,700 Shares that have been purchased and held as treasury shares as at 8 February 2010.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchases under the respective scenarios.
- (a) Datuk Lee Wah Chong holds 3,540,000 warrants as at 8 February 2010.
- (b) Mr Ong Fee Chong holds 1,200,055 warrants as at 8 February 2010.
- (c) Datin Wa Siew Yam holds 1,210,000 warrants as at 8 February 2010.
- <sup>#</sup> Deemed interest via Kenangan Lampiran Sdn Bhd under Section 6A of the Companies Act, 1965.

## STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

### 5. Direct and Indirect Interests of the Directors and Substantial Shareholders (cont'd)

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

##### Minimum Scenario:

	Before Proposed Renewal <sup>(i)</sup>				After Proposed Renewal <sup>(ii)</sup>			
	Direct Interest		Indirect Interest <sup>#</sup>		Direct Interest		Indirect Interest <sup>#</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kenangan Lampiran Sdn Bhd	43,158,794	24.24	-	-	43,158,794	25.03	-	-
Datuk Lee Wah Chong	7,430,102	4.17	43,158,794	24.24	7,430,102	4.31	43,158,794	25.03
Ong Fee Chong	2,400,110	1.35	43,158,794	24.24	2,400,110	1.39	43,158,794	25.03

##### Maximum Scenario:

	Before Proposed Renewal <sup>(i)</sup>				After Proposed Renewal <sup>(ii)</sup>			
	Direct Interest		Indirect Interest <sup>#</sup>		Direct Interest		Indirect Interest <sup>#</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kenangan Lampiran Sdn Bhd	64,758,794	24.16	-	-	64,758,794	25.55	-	-
Datuk Lee Wah Chong	10,970,102	4.09	64,758,794	24.16	10,970,102	4.33	64,758,794	25.55
Ong Fee Chong	3,600,165	1.34	64,758,794	24.16	3,600,165	1.42	64,758,794	25.55

##### Notes:

- (i) After taking into account the 13,574,700 Shares that have been purchased and held as treasury shares as at 8 February 2010.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchases under the respective scenarios.
- (a) Kenangan holds 21,600,000 warrants as at 8 February 2010.
- (b) Datuk Lee Wah Chong holds 3,540,000 warrants as at 8 February 2010.
- (c) Mr Ong Fee Chong holds 1,200,055 warrants as at 8 February 2010.
- # Deemed interest via Kenangan Lampiran Sdn Bhd under Section 6A of the Companies Act, 1965.

### 6. Potential Advantages and Disadvantages of the Proposed Renewal

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

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

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

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

## STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

### 7. Financial Effects

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

#### a) Share Capital

	<b>Minimum Scenario No. of shares</b>	<b>Maximum Scenario No. of shares</b>
As at 8 February 2010	191,580,650	191,580,650
Upon full exercise of all Outstanding Warrants	-	90,040,325
	191,580,650	281,620,975
Proposed Renewal (assuming that all the Digistar Shares purchased are fully cancelled)	*(19,158,065)	*(28,162,097)
Resultant share capital	172,422,585	253,458,878

Note:

\* Includes the 13,574,700 Digistar Shares purchased and held as treasury shares as at 8 February 2010.

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

#### b) Earnings

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

#### c) NA

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

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

#### d) Dividend

No dividend has been declared in respect of financial year ended 30 September 2009. Barring unforeseen circumstances, the dividends to be declared by Digistar, if any, in respect of the current financial year ending 30 September 2010 would depend on amongst others, the cash availability, retained profits, cashflow position and funding requirements of the Digistar Group.

#### e) Working capital

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

## STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

### 8. Implication of the Malaysian Code on Take-Overs and Mergers 1998 (the “Code”)

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory general offer (“GO”) for the remaining shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their shareholding is between 33% and 50% and increases by another 2% in any six (6)-month period. However, an exemption from undertaking a GO may be granted by the Securities Commission (“SC”) under Practice Note 2.9.10 of the Code.

As at 8 February 2010, the collective percentage shareholding of the sole direct substantial shareholder of Digistar, Kenangan Lampiran Sdn Bhd (“Kenangan”), and parties acting in concert (“PAC”) is 32.94%. Based on their collective shareholding as at 8 February 2010 and assuming Kenangan and PAC do not acquire any Digistar Shares, the implementation of Share Buy-Back pursuant to the Proposed Renewal would result in a GO being triggered by Kenangan and the PAC. Therefore, they would be obliged to undertake a GO for the remaining Digistar Shares not held by them pursuant to the Code.

Should such circumstance arise and if required, Kenangan and PAC are required to seek SC’s approval for a waiver from the obligation to undertake a GO under Practice Note 2.9.10 of the Code (“Proposed Waiver”).

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

### 9. Purchases Made in Last Financial Year

During the financial year ended 30 September 2009, the Company purchased a total of 48,100 Digistar Shares from the open market at an average price of RM0.08 per share or a total consideration of RM3,694. All the Digistar Shares purchased during the financial year ended 30 September 2009 have been retained as treasury shares, and the total numbers of Shares retained as treasury shares as at 30 September 2009 was 13,574,700.

The information on purchase made by the Company of its own shares in financial year ended 30 September 2009 has been set out in the “Additional Compliance Information” section of this Annual Report.

### 10. Public Shareholding Spread

According to Digistar’s Record of Depositors as at 8 February 2010, there were 2,382 public shareholders holding not less than 100 Digistar Shares, with a total shareholding of 67.03% of the Company’s issued and paid-up share capital.

The public shareholding spread of the Company is expected to be reduced to 65.96% assuming the Company implements the Share Buy-Back in full i.e. up to 10% of the issued and paid-up share capital of the Company as at 8 February 2010. Further, the purchased Digistar Shares are assumed to be purchased from the market from shareholders of Digistar who are deemed public, and the number of Digistar Shares held by the Directors and substantial shareholders of Digistar and/or persons connected to them remains unchanged.

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

### 11. Directors’ Statement

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

### 12. Directors’ Recommendation

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

### 13. Other Information

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



## STATEMENT OF CORPORATE GOVERNANCE

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

This statement describes the manner in which the Group has applied the principles and the extent to which it has complied with the best practices of good governance as set out in Part 1 and Part 2 respectively in the Malaysian Code on Corporate Governance (Revised 2007) (“Code”) pursuant to Rule 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“AMLR”).

### A) BOARD

The Board is entrusted with the proper stewardship of the Company’s resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value capable of achieving. The members of the Board have extensive experience and expertise in a wide range of related and unrelated industries and have been selected based on their skills, knowledge and their ability to add strength to the leadership.

The Directors are equally accountable for the Company’s activities, strategy and financial performance. Particular attention is given to ensure that the strategies proposed by the Management of the Company are fully discussed and critically examined by the Board.

#### Composition and Balance of the Board

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

The current Board has eight (8) members comprising four (4) Executive Members and four (4) Independent Non-Executive Members. This composition complies with Rule 15.02(1) of the AMLR wherein it states that the Board must comprise at least two (2) or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The profile of each Director is presented separately in this annual report.

YB Datuk Md. Sirat Bin Abu is the Group’s Independent Non-Executive Chairman while Datuk Lee Wah Chong is the Group’s Managing Director. The Chairman is responsible for the Board’s effectiveness and conduct, whilst the Managing Director has overall responsibilities over the business and operation of the Group. The clear division of functions and responsibilities between these two roles will ensure the balance of power and authority.

Independent Non-Executive Directors play a crucial supervisory function. The presence of Independent Non-Executive Directors are essential in providing unbiased and independent views, advice and judgement, ensuring a balanced and impartial Board decision making process as well as safeguarding the interests of other parties, such as minority shareholders. All Non-Executive Directors do not participate in the day-to-day management of the Group.

YB Datuk Ab Wahab Bin Ab Latip, the Independent Non-Executive Director is appointed as the Senior Independent Non-Executive Director of the Board to whom concerns on issues affecting the Group may be conveyed.

YB Datuk Ab Wahab Bin Ab Latip is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

#### Board Responsibilities

The Board provides overall strategic direction and effective control of the Company. The Board has reserved appropriate strategic, financial and organisational matters for its collective decision. Key matters, such as approval of annual and interim results, acquisitions and disposals of material investment, material agreements, major capital expenditures, budgets, long term plans and succession planning for top management are reserved for the Board.

# STATEMENT OF CORPORATE GOVERNANCE

## (CONT'D)

### Board Meetings

The Board meets regularly on a quarterly basis and as and when required. There were six (6) meetings held during the financial year ended 30 September 2009, the details of the attendance are as follows:-

NAME	ATTENDANCE
YB Datuk Md. Sirat Bin Abu	3/6
Datuk Lee Wah Chong	5/6
Ong Fee Chong	6/6
Datin Wa Siew Yam	5/6
Ir. Loh Khoo Hong	5/6
Lye Siang Long	6/6
YB Datuk Ab Wahab Bin Ab Latip	4/6
Cheong Yee Kiong (Appointed on 30 January 2009)	3/3

### Supply of Information

All Directors are provided with sufficient notices for each Board meeting and Board papers are provided to the Directors on a timely manner to allow the Directors to peruse, obtain additional information and where applicable, to seek further clarification on the matters to be tabled at the meeting.

Where applicable, there will be a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of major investments, change of management and control structure of the Group, including key policies, procedures and authority limits.

The proceedings and resolutions pass at each Board Meeting are minuted and kept in the statutory minutes book at the registered office of the Company.

The Directors whether as full board or in their individual capacity, have unrestricted access to all information pertaining to the group's business and affairs to enable them to carry out their duties effectively and diligently. In addition, where considered necessary, the Board may obtain an independent professional advice in furtherance of their duties, at the Company's expense.

All Directors also have direct access to the advice and the services of the Group's Company Secretaries. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Company Secretary attended all board meetings during the year.

### Appointment and Re-election of the Board Members

The appointment of Directors is under the purview of the Nomination Committee, which is responsible for making recommendations to the Board on suitable candidates for appointment.

In accordance with the Articles of Association of the Company, at least one-third (1/3) of the Directors shall retire by rotation at each AGM once every three (3) years, but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he/she retires. Directors over seventy (70) years of age shall retire at every AGM and may submit themselves for re-appointment annually in accordance with the Section 129(6) of the Companies Act, 1965.

### Directors' Training

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

# STATEMENT OF CORPORATE GOVERNANCE

(CONT'D)

## Directors' Training (cont'd)

Among the seminars or briefings attended by one or more Directors during the year are:-

- Key changes of ACE Market Listing Requirements
- Financial Reporting Standard 139 Financial Instruments: Recognition and Measurement
- Value-based Motivation & Team Synergy
- Taxation of Property Development & Construction Companies
- Accounting for Financial Instruments
- Practical Application of FRS 139 Financial Instruments: Recognition and Measurement
- Technical Briefing On The Ace Market Listing Requirements
- Forum on FRS 139 Financial Instruments: Recognition and Measurement
- Technical Briefing – Main Market Listing Requirements

## Board Committees

There are three (3) committees of the Board, namely Audit Committee, Nomination Committee and Remuneration Committee. Each committee operates under their respective approved term of reference. Each of the committee has the authority to examine particular issues and report to the Board with their recommendations. The ultimate decision on all matters lies with the entire Board.

### (i) Audit Committee

The Audit Committee Report is set out in a separate section of the Annual Report.

### (ii) Nomination Committee

The Nomination Committee was established on 25<sup>th</sup> August 2009. The Nomination Committee has not hold any meeting as at 30 September 2009.

The purpose of this formation is to ensure a formal and transparent procedure for the appointment of new directors to the Board. The members of the Nomination Committee are:

Chairman:	YB Datuk AB Wahab Bin AB Latip ( <i>Independent Non-Executive Director</i> )
Members:	Ir. Loh Khoon Hong ( <i>Independent Non-Executive Director</i> )
	Mr Cheong Yee Kiong ( <i>Independent Non-Executive Director</i> )

The primary duties of the Nomination Committee are as follow:

- To recommend to the Board, candidates for directorships and in making its recommendations, to consider the candidates who are nominated for appointment to the Board:
  - Skills, knowledge, expertise and experience;
  - Professionalism;
  - Integrity; and

In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.

- To recommend the Directors to sit on respective Board committees.
- To administer the annual assessment of Directors, including a review of the skill, qualification and competencies of the Board as a whole, the Board Committees, contribution of each director including independent non-executive directors and the chief executive officer.
- To ensure that all Directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements which will encompass the staff training needs.

# STATEMENT OF CORPORATE GOVERNANCE

## (CONT'D)

### (iii) Remuneration Committee

The Remuneration Committee was established on 25<sup>th</sup> August 2009. The Remuneration Committee has not hold any meeting as at 30 September 2009.

The members of the Remuneration are:

Chairman:	YB Datuk AB Wahab Bin AB Latip ( <i>Independent Non-Executive Director</i> )
Members:	Ir. Loh Khoo Hong ( <i>Independent Non-Executive Director</i> )
	Mr Cheong Yee Kiong ( <i>Independent Non-Executive Director</i> )
	Datuk Lee Wah Chong ( <i>Managing Director</i> )

The primary duties of Remuneration Committee are as follow:

- To recommend to and advise the Board the remuneration and terms of conditions (and where appropriate, severance payment) of the Executive Directors (including Managing Director).
- To establish a formal and transparent procedure for developing policy on remuneration packages of individual directors, taking into consideration the following:
  - In case of executive directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance.
  - In the case of non-executive directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the non-executive concerned.
- Where possible, and to allow it to meet its duties, the Remuneration Committee should seek comparative information on remuneration and conditions of service in comparable organizations, within and without sectors of industry.
- When considering severance payments, the Remuneration Committee should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public opinion might deem to be excessive.
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

### B) DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for directors so as to attract and retain Directors of the caliber needed to run the Group successfully. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Nevertheless, the determination of remuneration packages for all Directors (Executive and Non-Executive Directors) is a matter for the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her own remuneration.

Details of the aggregate remuneration of the Directors for the financial year ended 30 September 2009 are as follows:

Remuneration Components	Executive Directors	Non-Executive Directors
	<b>RM</b>	<b>RM</b>
Fees	200,000	115,000
Salaries	804,000	-
Bonuses	33,500	-
EPF	103,380	-
Allowance	24,000	22,400
	<u>1,164,880</u>	<u>137,400</u>

# STATEMENT OF CORPORATE GOVERNANCE

(CONT'D)

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

Range of Remuneration	Group	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	1	-

## C) SHAREHOLDERS

### Shareholders and Investors Relations

The Group recognises the importance of timely and thorough dissemination of information to shareholders. In this regard, the information that is disseminated to the investment community conforms strictly with the Bursa Securities disclosure rules and regulations. Care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through Bursa Securities. The annual report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information.

### Annual General Meeting

The Annual General Meeting ("AGM") is a crucial mechanism and it is the principal forum in shareholder communication. Shareholders are notified of the meeting and provided with a copy of the Company's annual report twenty one (21) days before the meeting. At each AGM, the Board presents the progress and performance of the Company and provides shareholders with an opportunity to ask for more information pertaining to the financial statements, without limiting the time and questions asked. During the meeting, the Chairman and Board will respond to queries and undertake to provide sufficient explanation and clarification on issues and concerns raised by the shareholders. The Board has ensured that each item of special business included in the notice of the AGM is accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved. Where Extraordinary General Meeting are held to obtain shareholders' approval on business or corporate proposals, comprehensive circulars are sent to shareholders within prescribed deadlines in accordance with regulatory and statutory provisions.

## D) ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is aware of its responsibilities to the shareholders and the requirements to present a balanced and comprehensive assessment of the Group's financial position, by means of the annual and quarterly report and other published information. In this regard, the Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the Companies Act, 1965 and the approved accounting standards set by Malaysian Accounting Standard Board. With assistance from the Audit Committee, the Board scrutinized the financial aspect of the Audited Financial Statements and reviewed the statutory compliance aspects of the Audited Financial Statements.

### Internal Control

The Board acknowledged its overall responsibility for maintaining a sound system of internal controls, reviewing its adequacy and integrity. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Audit Committee is assigned by the Board with the duty to review the adequacy and effectiveness of control procedures at a regular basis and report to the Board on major findings for deliberation.

Information on the Group's system of internal control is presented in the Statement on Internal Control in this Annual Report.

# STATEMENT OF CORPORATE GOVERNANCE

## (CONT'D)

### Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. The Audit Committee has been explicitly accorded the power to communicate directly with the external and internal auditors. From time to time, the external auditors will highlight to the Audit Committee and the Board on matters that require their attention. The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report in this Annual Report.

### E) DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 30 September 2009 and the profit and loss of the Company and the Group for the financial year ended on that date.

In preparing the financial statements for the financial year ended 30 September 2009, the Directors have:

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

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



## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

### 2. SHARE BUY-BACK

Details of the Company's Share Buy-Back exercises for the year shown in the following:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price Per Share (RM)		Average Cost Per Share RM	Total Cost RM
		Lowest	Highest		
October 2008	40,100	0.0750	0.0800	0.0761	3,053
June 2009	8,000	0.0750	0.0750	0.0800	641
<b>Total</b>	<b>48,100</b>			<b>0.0768</b>	<b>3,694</b>

As at 30 September 2009, the cumulative total number of shares held as treasury shares was 13,574,700 shares. None of the treasury shares were resold or cancelled during the financial year.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no exercise of options, warrants or convertible securities during the financial year ended 30 September 2009.

### 4. DEPOSITORY RECEIPTS PROGRAMME

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

### 5. SANCTIONS AND/OR PENALTIES

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

### 6. VARIATION OF RESULTS

The Company did not issue any profit estimate, forecast or projection for the financial year.

There was no significant variance between the profit after tax and minority interest for the financial year ended 30 September 2009 as per the audited financial statements and the unaudited results previously announced.

### 7. PROFIT GUARANTEE

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

### 8. MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries, involving the directors and substantial shareholders' interests during the financial year.

### 9. REVALUATION POLICY ON LANDED PROPERTIES

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

### 10. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Group during the financial year was RM 12,310.

# STATEMENT ON INTERNAL CONTROL

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

In accordance with Rule 1.2, Guidance Note 11 of the AMLR, the Board of Directors (“Board”) is pleased to include a statement on the state of the Group’s internal control systems.

## BOARD RESPONSIBILITY

In accordance with the Malaysian Code on Corporate Governance (Revised 2007), one (1) of the six (6) principal responsibilities expected of the Board is to review, amongst others, the adequacy and integrity of the internal control mechanism including system for compliance with the applicable law and legal requirements.

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders’ investment and the Group’s assets. The Board acknowledges that it is responsible for the Group’s system of internal control and for the continuing review of its adequacy and integrity.

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

## RISK MANAGEMENT

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

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

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

## INTERNAL AUDIT FUNCTION

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

During the financial year ending 30 September 2009, the independent consulting firm has completed the risk management assessment on the entire operations of Digistar Group and also submitted the same to the Audit Committee. It will adopt a risk-based audit approach and will report its audit findings and recommendations to the Audit Committee during Audit Committee meetings.

## OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

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

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

## CONTROL WEAKNESS

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

## CONCLUSION

The Board is of the opinion that based on the current level of activities, the Group’s system of internal control is sufficient.

Moving forward, the Group will continue to improve and enhance the existing system of internal control to ensure its adequacy and relevance in safeguarding the shareholders’ interests and the Group’s assets.

## 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 2009.

### 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 after taxation for the financial year attributable to equity holders of the Company	631,543	164,713

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### TREASURY SHARES

During the financial year, the Company purchased a total of 48,100 of its own issued ordinary shares from the open market at an average purchase price of RM0.08 per share under the Company's share buy-back scheme. These shares were held as treasury shares, and the total consideration paid for the purchase of these shares including transaction costs amounted to RM3,694.

As at 30 September 2009, the Company held as treasury shares a total of 13,574,700 of its 191,580,650 issued and fully paid-up ordinary shares, at a carrying amount of RM2,013,641. None of the treasury shares held were sold or cancelled during the financial year.

The detailed movements of the treasury shares during the financial year are disclosed in Note 19 to the financial statements.

# DIRECTORS' REPORT

## (CONT'D)

### WARRANTS 2007/2017

As at the balance sheet date, the Company has 90,040,325 Warrants 2007/2017 in issue. The salient features of the Warrants 2007/2017 as constituted in the Deed Poll dated 5 December 2006 are as follows:-

Terms	Details
Exercise Period	The Warrants shall be exercisable at any time within the period commencing from the date of issue of the Warrants and will be expiring on 7 February 2017. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	RM0.16 payable in full upon the exercise of each Warrant.
Exercise Rights	Each Warrant entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the Exercise Price at any time during the Exercise Period.
Mode of Exercise	The registered holder of the Warrants shall pay cash for the Exercise Price when subscribing for the new ordinary shares in the Company.
Listing	Approval in principle from Bursa Malaysia Securities Berhad ("Bursa Securities") was obtained on 8 December 2006 for admission of the Warrants to the Official List as well as the listing of the new ordinary shares arising from the exercise of the Warrants.
Board Lots	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 warrants carrying the right to subscribe for 100 new ordinary shares of the Company.
Ranking of the new ordinary shares to be issued pursuant to the exercise of the warrants	The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up ordinary shares of the Company, save and except that they will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new ordinary shares to be issued pursuant to the exercise of the Warrants.

None of the Warrants 2007/2017 in issue was exercised during the financial year.

### 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 was to be in force for a period of 5 years from the date of implementation. The ESOS expired on 5 November 2008.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### BAD AND DOUBTFUL DEBTS

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

# DIRECTORS' REPORT

(CONT'D)

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

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

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

## DIRECTORS

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

DATUK LEE WAH CHONG  
YB DATUK MD. SIRAT BIN ABU  
DATIN WA SIEW YAM  
ONG FEE CHONG  
YB DATUK AB WAHAB BIN AB LATIP  
IR. LOH KHOON HONG  
LYE SIANG LONG  
CHEONG YEE KIONG (APPOINTED ON 30.1.2009)

# DIRECTORS' REPORT

(CONT'D)

## 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 30.9.2009
	At 1.10.2008	Bought	Sold	
<i>DIRECT INTERESTS</i>				
DATUK LEE WAH CHONG	7,430,102	-	-	7,430,102
DATIN WA SIEW YAM	4,413,230	-	-	4,413,230
ONG FEE CHONG	2,400,110	-	-	2,400,110
<i>INDIRECT INTERESTS</i>				
DATUK LEE WAH CHONG <sup>(1)</sup>	43,158,794	-	-	43,158,794
ONG FEE CHONG <sup>(1)</sup>	43,158,794	-	-	43,158,794

	Number Of Options Under ESOS			At 30.9.2009
	At 1.10.2008	Granted	Expired	
DATUK LEE WAH CHONG	4,576,000	-	(4,576,000)	-
DATIN WA SIEW YAM	1,368,000	-	(1,368,000)	-
ONG FEE CHONG	2,136,000	-	(2,136,000)	-
LYE SIANG LONG	600,000	-	(600,000)	-

	Number Of Warrants 2007/2017			At 30.9.2009
	At 1.10.2008	Bought	Sold	
<i>DIRECT INTERESTS</i>				
DATUK LEE WAH CHONG	3,540,000	-	-	3,540,000
DATIN WA SIEW YAM	1,210,000	-	-	1,210,000
ONG FEE CHONG	1,200,055	-	-	1,200,055
<i>INDIRECT INTERESTS</i>				
DATUK LEE WAH CHONG <sup>(1)</sup>	21,600,000	-	-	21,600,000
ONG FEE CHONG <sup>(1)</sup>	21,600,000	-	-	21,600,000

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

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

By virtue of their interests in shares in the Company, Datuk 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 during the financial year are disclosed in Note 41 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 25 JANUARY 2010**

**Datuk Lee Wah Chong**

**Lye Siang Long**

## STATEMENT BY DIRECTORS

We, Datuk Lee Wah Chong and Lye Siang Long, being two of the directors of Digistar Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 34 to 67 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 September 2009 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 25 JANUARY 2010**

**Datuk Lee Wah Chong**

**Lye Siang Long**

## STATUTORY DECLARATION

I, Lye Siang Long, I/C No. 700723-07-5143, 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 34 to 67 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  
Lye Siang Long, I/C No. 700723-07-5143  
at Kuala Lumpur in the Federal Territory  
on this 25 January 2010

**Lye Siang Long**

Before me

**Hj Abdul Rahim B. TSV Mohamed Abdullah (W484)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD

### Report on the Financial Statements

We have audited the financial statements of Digistar Corporation Berhad, which comprise the balance sheets as at 30 September 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 67.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2009 and of their financial performance and cash flows for the financial year then ended.

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Matters

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur

25 January 2010

**Onn Kien Hoe**  
Approval No: 1772/11/10 (J/PH)  
Partner

**BALANCE SHEETS**

AT 30 SEPTEMBER 2009

		The Group		The Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	5,015,446	5,078,679
Property, plant and equipment	7	7,262,362	6,496,296	-	-
Prepaid lease payments	8	586,547	594,188	-	-
Investment properties	9	45,000	366,163	-	-
Deferred tax assets	10	151,000	151,000	-	-
		8,044,909	7,607,647	5,015,446	5,078,679
CURRENT ASSETS					
Inventories held for resale	11	2,331,228	2,853,268	-	-
Trade receivables	12	25,117,400	21,990,998	-	-
Other receivables, deposits and prepayments		488,731	960,148	6,825	1,982
Amount owing by subsidiaries	13	-	-	16,468,296	16,309,606
Tax refundable		165,217	-	165,217	90,669
Fixed deposits with licensed banks	14	10,602,302	7,921,181	-	-
Cash and bank balances		118,106	130,238	4,452	4,325
		38,822,984	33,855,833	16,644,790	16,406,582
Non-current asset classified as held for sale	15	321,163	-	-	-
TOTAL ASSETS		47,189,056	41,463,480	21,660,236	21,485,261

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

# BALANCE SHEETS

## AT 30 SEPTEMBER 2009 (CONT'D)

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	19,158,065	19,158,065	19,158,065	19,158,065
Share premium	17	1,630,187	1,630,187	1,630,187	1,630,187
Warrants reserve	18	503,064	503,064	503,064	503,064
Treasury shares	19	(2,013,641)	(2,009,947)	(2,013,641)	(2,009,947)
Retained profits	20	7,465,595	6,830,997	2,234,023	2,069,310
Translation reserve		-	3,055	-	-
SHAREHOLDERS' EQUITY		26,743,270	26,115,421	21,511,698	21,350,679
MINORITY INTERESTS		-	53,450	-	-
TOTAL EQUITY		26,743,270	26,168,871	21,511,698	21,350,679
NON-CURRENT LIABILITY					
Hire purchase payables	21	526,063	42,059	-	-
CURRENT LIABILITIES					
Trade payables	22	3,431,952	3,315,027	-	-
Other payables and accruals		743,207	471,788	148,538	134,582
Amount owing to contract customers	23	13,382,077	3,231,625	-	-
Hire purchase payables	21	169,363	90,982	-	-
Bankers' acceptances	24	463,000	3,978,000	-	-
Bank overdrafts	25	1,143,028	3,971,590	-	-
Provision for taxation		587,096	193,538	-	-
		19,919,723	15,252,550	148,538	134,582
TOTAL LIABILITIES		20,445,786	15,294,609	148,538	134,582
TOTAL EQUITY AND LIABILITIES		47,189,056	41,463,480	21,660,236	21,485,261
NET ASSETS PER SHARE	26	15 sen	15 sen		

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

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
REVENUE	27	44,703,893	52,003,602	611,179	509,316
COST OF SALES		(35,341,126)	(41,962,356)	-	-
GROSS PROFIT		9,362,767	10,041,246	611,179	509,316
OTHER INCOME		543,343	387,949	-	-
		9,906,110	10,429,195	611,179	509,316
ADMINISTRATIVE EXPENSES		(6,018,401)	(5,217,537)	(336,535)	(267,888)
MARKETING EXPENSES		(901,062)	(1,092,389)	-	-
OTHER EXPENSES		(1,295,009)	(2,994,482)	(81,806)	-
FINANCE COSTS		(502,549)	(450,605)	(125)	-
		(8,717,021)	(9,755,013)	(418,466)	(267,888)
PROFIT BEFORE TAXATION	28	1,189,089	674,182	192,713	241,428
INCOME TAX EXPENSE	29	(557,546)	(78,361)	(28,000)	(79,268)
PROFIT AFTER TAXATION		631,543	595,821	164,713	162,160
ATTRIBUTABLE TO:-					
Equity holders of the Company		631,543	596,622	164,713	162,160
Minority interests		-	(801)	-	-
		631,543	595,821	164,713	162,160
Earnings per ordinary share	30				
- basic		0.36 sen	0.33 sen		
- fully diluted		N/A	N/A		

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

The Group	Note	Non-Distributable Reserve					Distributable Reserve		Minority Interest	Total Equity
		Share Capital	Share Premium	Warrants Reserve	Treasury Shares	Translation Reserve	Retained Profits	Total		
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.10.2007		19,158,065	1,630,187	503,064	(590,604)	-	6,234,375	26,935,087	-	26,935,087
Treasury shares acquired	19	-	-	-	(1,419,343)	-	-	(1,419,343)	-	(1,419,343)
Currency translation difference		-	-	-	-	3,055*	-	3,055	-	3,055
Subscription for shares in a subsidiary		-	-	-	-	-	-	-	54,251	54,251
Profit after taxation		-	-	-	-	-	596,622	596,622	(801)	595,821
Balance at 30.9.2008/1.10.2008		19,158,065	1,630,187	503,064	(2,009,947)	3,055	6,830,997	26,115,421	53,450	26,168,871
Treasury shares acquired	19	-	-	-	(3,694)	-	-	(3,694)	-	(3,694)
Deconsolidation of a subsidiary		-	-	-	-	(3,055)	3,055	-	(53,450)	(53,450)
Profit after taxation		-	-	-	-	-	631,543	631,543	-	631,543
Balance at 30.9.2009		19,158,065	1,630,187	503,064	(2,013,641)	-	7,465,595	26,743,270	-	26,743,270

\* - represents (loss)/gain not recognised in the income statement.

The Company	Note	Non-Distributable Reserve				Distributable Reserve		Total
		Share Capital	Share Premium	Warrants Reserve	Treasury Shares	Retained Profits	Total	
		RM	RM	RM	RM	RM	RM	RM
Balance at 1.10.2007		19,158,065	1,630,187	503,064	(590,604)	1,907,150	22,607,862	
Treasury shares acquired	19	-	-	-	(1,419,343)	-	(1,419,343)	
Profit after taxation		-	-	-	-	162,160	162,160	
Balance at 30.9.2008/1.10.2008		19,158,065	1,630,187	503,064	(2,009,947)	2,069,310	21,350,679	
Treasury shares acquired	19	-	-	-	(3,694)	-	(3,694)	
Profit after taxation		-	-	-	-	164,713	164,713	
Balance at 30.9.2009		19,158,065	1,630,187	503,064	(2,013,641)	2,234,023	21,511,698	

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

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>CASH FLOWS FROM/(FOR)</b>				
<b>OPERATING ACTIVITIES</b>				
Profit before taxation	1,189,089	674,182	192,713	241,428
Adjustments for:-				
Allowance for doubtful debts	612,500	2,229,591	75,497	-
Allowance for slow-moving inventories	-	240,000	-	-
Amortisation of prepaid lease payments	7,641	7,641	-	-
Bad debts written off	4,753	-	6,309	-
Depreciation of property, plant and equipment	666,452	715,779	-	-
Impairment of goodwill	20	3,199	-	-
Interest expense	352,561	376,022	-	-
Inventories written off	543,921	-	-	-
Loss on deconsolidation of a subsidiary	61,555	-	63,253	-
Dividend income	-	-	(611,179)	(509,316)
(Gain)/Loss on disposal of property, plant and equipment	(264,500)	26,453	-	-
Interest income	(219,132)	(267,384)	-	-
Write-back of allowance for doubtful debts	(51,000)	(113,581)	-	-
Operating profit/(loss) before working capital changes	2,903,860	3,891,902	(273,407)	(267,888)
Increase in inventories	(21,881)	(1,074,588)	-	-
Increase in amount owing to contract customers	10,150,452	5,898,759	-	-
Increase in trade and other receivables	(3,216,485)	(9,083,613)	(4,843)	(982)
Increase/(Decrease) in trade and other payables	388,344	(940,370)	13,956	(124,415)
<b>CASH FLOWS FROM/(FOR) OPERATIONS</b>	10,204,290	(1,307,910)	(264,294)	(393,285)
Interest paid	(352,561)	(376,022)	-	-
Tax (paid)/refunded	(329,205)	193,221	50,247	24,453
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES/BALANCE CARRIED FORWARD</b>	9,522,524	(1,490,711)	(214,047)	(368,832)

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

## CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
BALANCE BROUGHT FORWARD		9,522,524	(1,490,711)	(214,047)	(368,832)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	31	(734,518)	(1,201,453)	-	-
Proceeds from disposal of property, plant and equipment		264,500	5,000	-	-
Additional investment in subsidiaries		(20)	(3,199)	(20)	(3,199)
Net cash inflow/(outflow) on acquisition of subsidiaries	32	-	51,752	-	(63,253)
Net cash outflow on deconsolidation of a subsidiary	33	(115,005)	-	-	-
Repayment from/(Advances to) subsidiaries		-	-	(11,304)	1,480,068
Dividend received		-	-	229,192	376,894
Interest received		219,132	267,384	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(365,911)	(880,516)	217,868	1,790,510
CASH FLOWS FOR FINANCING ACTIVITIES					
Purchase of treasury shares		(3,694)	(1,419,343)	(3,694)	(1,419,343)
Repayment of hire purchase obligations		(135,615)	(249,485)	-	-
Net (repayment)/drawdown of bills payable		(3,515,000)	693,729	-	-
NET CASH FOR FINANCING ACTIVITIES		(3,654,309)	(975,099)	(3,694)	(1,419,343)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,502,304	(3,346,326)	127	2,335
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(4,753)	5,554	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		4,079,829	7,420,601	4,325	1,990
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	9,577,380	4,079,829	4,452	4,325

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The Company is listed on the ACE 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	: 10th Floor, Menara Hap Seng, No.1 & 3, Jalan P.Ramlee, 50250 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 25 January 2010.

### 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) Market Risk

##### (i) Foreign Currency Risk

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

The foreign currency risk is monitored closely and managed to an acceptable level.

##### (ii) 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.

##### (iii) Price Risk

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

#### (b) 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's concentration of credit risks relates to six customers which constituted 62% of its total trade receivables at the balance sheet date.

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) 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 are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") in Malaysia.

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

##### (a) FRS issued and effective for financial periods beginning on or after 1 July 2009:-

FRS 8	Operating Segments
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FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

##### (b) FRSs issued and effective for financial periods beginning on or after 1 January 2010:-

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
Revised FRS 101 (2009)	Presentation of Financial Statements
Revised FRS 123 (2009)	Borrowing Costs
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 and the revised FRS 139 (2010) on the financial statements upon their initial application are not disclosed by virtue of the exemptions given in these standards.

The adoption of the revised FRS 101 (2009) will only impact the form and content of the presentation of the Group's financial statements for the financial year ending 30 September 2011 onwards. There will be no financial impact on the financial statements upon the adoption of this standard.

The possible impact of the revised FRS 123 (2009) on the financial statements upon its initial application is not disclosed as the existing accounting policies of the Group are consistent with the requirements under this new standard.

##### (c) Amendments issued and effective for financial periods beginning on or after 1 January 2010:-

Amendments to FRS 1 and FRS 127	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 7, FRS 132, and IC Interpretation 9	Improvements to Accounting for Financial Instruments
Amendments to 21 FRSs	Annual Improvements to FRSs (2009)

The possible impacts of amendments to FRS 7, FRS 132 and IC Interpretation 9 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 4. BASIS OF PREPARATION (CONT'D)

The Annual Improvements to FRSs (2009) contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

The other amendments are not relevant to the Group's operations.

(d) FRSs issued and effective for financial periods beginning on or after 1 July 2010:-

Revised FRS 1 (2010)	First-time Adoption of Financial Reporting Standards
Revised FRS 3 (2010)	Business Combinations
Revised FRS 127 (2010)	Consolidated and Separate Financial Statements

The revised FRS 1 (2010) is not relevant to the Group's operations.

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. The revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(e) Amendments issued and effective for financial periods beginning on or after 1 July 2010:-

Amendments to FRS 2	Scope of FRS 2 and the Revised FRS 3 (2010)
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 138	Consequential Amendments Arising from the Revised FRS 3 (2010)
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and the Revised FRS 3 (2010)

The above amendments are part of the MASB's annual improvement project published in September 2009 which contain numerous amendments to accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

(f) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:-

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above IC Interpretations are not relevant to the Group's operations except for IC Interpretation 10 and IC Interpretation 11.

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

IC Interpretation 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash settled share-based payment transactions in the separate financial statements of the parent and group companies. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 4. BASIS OF PREPARATION (CONT'D)

- (g) IC Interpretations issued and effective for financial periods beginning on or after 1 July 2010:-

IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The above IC Interpretations are not relevant to the Group's operations.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Critical Accounting Estimates And Judgements

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

##### (i) Depreciation of Property, Plant and Equipment

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

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

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

##### (ii) Income Taxes

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

##### (iii) Impairment of Assets

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

##### (iv) Construction Contracts

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

##### • Contract Revenue

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

##### (iv) *Construction Contracts (Cont'd)*

###### • Contract Costs

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

##### (v) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables.

##### (vi) *Allowance for Inventories*

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

#### (b) 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 an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group 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.

#### (c) Functional and Foreign Currency

##### (i) *Functional and Presentation Currency*

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates.

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

##### (ii) *Transactions and Balances*

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (c) Functional and Foreign Currency (Cont'd)

###### (iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expense for the income statement are translated at the average exchange rates for the year; and
- (iii) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

##### (d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 September 2009.

A subsidiary is defined as a company in which the Company 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 purchase method. Under the purchase method, 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. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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 in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

##### (e) Goodwill On Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable 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 identifiable net assets of subsidiaries at the date of acquisition over the fair value of the purchase consideration.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessments, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) 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.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

##### (ii) Other Investments

Other investments are held on a long-term basis and are stated at cost less allowance for permanent diminution in value, if any. On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

#### (g) Property, Plant and Equipment

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

Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Office units	2%
Office lot	2%
Shophouse	2%
Computers and printers	25%
Site office cabins	10%
Plant and machinery	10%
Furniture and fittings	10%
Office equipment	10%
Renovation	10%
Motor vehicles	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits are embodied in the items of the property, plant and equipment.

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

#### (h) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - 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. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (h) Impairment of Assets (Cont'd)

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.

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

##### (j) Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the terms of the leases which range from 60 to 99 years.

##### (k) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(g) to the financial statements.

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

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

##### (l) Inventories

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

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

##### (m) Amounts Owning By/To Contract Customers

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

##### (n) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) 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.

#### (p) Interest-bearing Borrowings

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

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

#### (q) Income Taxes

Income taxes for the year comprise current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable 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 substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to 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 excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. 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.

#### (r) Equity Instruments

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

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

#### (s) 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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (t) 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.

##### (u) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (b) has an interest in the entity that gives it significant influence over the entity; or
  - (c) has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

##### (v) Contingent Liabilities and Contingent Assets

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

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

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

##### (w) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (w) Revenue Recognition (Cont'd)

##### (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.

#### (x) 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.

### 6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009	2008
	RM	RM
Unquoted shares, at cost	5,015,446	5,078,679

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Equity Interest 2009	Equity Interest 2008	Principal Activities
Digistar Holdings Sdn. Bhd.	Malaysia	100%	100%	Design, supply, installation and integration of information technology infrastructure, teleconferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems.
Digistar Properties Sdn. Bhd.	Malaysia	100%	100%	Renting, maintaining and upkeep of properties.
Digistar Rauland MSC Sdn. Bhd.	Malaysia	80%	80%	Health television operator.
Rauland Asia Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Nielsen Ward Sdn. Bhd.	Malaysia	100%	80%	Dormant.
Digistar Vision Sdn. Bhd. #	Malaysia	60%	60%	Health television operator.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of Company	Country of Incorporation	Equity Interest 2009	Interest 2008	Principal Activities
Digistar Engineering Sdn. Bhd. # *	Malaysia	80%	80%	Dormant.
Digistar Media Sdn. Bhd. # *	Malaysia	100%	100%	Dormant.
Aman Geliga Sdn. Bhd. # *	Malaysia	100%	100%	Dormant.
Digilink International Pte. Ltd. #	The Republic of Singapore	-	55%	Strike-off.

# Not audited by Messrs. Crowe Horwath.

\* The Company is in the process of applying to strike off the names of these subsidiaries from the register of the Companies Commission of Malaysia pursuant to Section 308 of the Companies Act 1965. These subsidiaries have not commenced operations since their dates of incorporation and have no intention to commence any business activities in the future.

#### 7. PROPERTY, PLANT AND EQUIPMENT

	At 1.10.2008 RM	Additions RM	Depreciation Charge RM	At 30.9.2009 RM
THE GROUP				
NET BOOK VALUE				
Office lot, shophouse and office units	4,091,173	-	(94,952)	3,996,221
Computers and printers	70,600	19,940	(36,344)	54,196
Site office cabins, plant and machinery, furniture and fittings	111,391	8,813	(25,929)	94,275
Office equipment and renovation	2,073,316	450,679	(321,199)	2,202,796
Motor vehicles	149,816	953,086	(188,028)	914,874
	6,496,296	1,432,518	(666,452)	7,262,362

	At 1.10.2007 RM	Additions RM	Disposal RM	Depreciation Charge RM	At 30.9.2008 RM
THE GROUP					
NET BOOK VALUE					
Office lot, shophouse and office units	4,186,122	-	-	(94,949)	4,091,173
Computers and printers	53,529	52,252	-	(35,181)	70,600
Site office cabins, plant and machinery, furniture and fittings	133,638	4,142	-	(26,389)	111,391
Office equipment and renovation	1,174,145	1,145,059	-	(245,888)	2,073,316
Motor vehicles	494,641	-	(31,453)	(313,372)	149,816
	6,042,075	1,201,453	(31,453)	(715,779)	6,496,296

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

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

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 30.9.2009			
Office lot, shophouse and office units	4,747,580	(751,359)	3,996,221
Computers and printers	417,330	(363,134)	54,196
Site office cabins, plant and machinery, furniture and fittings	339,496	(245,221)	94,275
Office equipment and renovation	3,574,218	(1,371,422)	2,202,796
Motor vehicles	2,372,911	(1,458,037)	914,874
	11,451,535	(4,189,173)	7,262,362
At 30.9.2008			
Office lot, shophouse and office units	4,747,580	(656,407)	4,091,173
Computers and printers	397,390	(326,790)	70,600
Site office cabins, plant and machinery, furniture and fittings	330,683	(219,292)	111,391
Office equipment and renovation	3,123,539	(1,050,223)	2,073,316
Motor vehicles	2,554,417	(2,404,601)	149,816
	11,153,609	(4,657,313)	6,496,296

Certain motor vehicles with a total net book value of RM878,848 (2008 - RM149,816) 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	
	2009 RM	2008 RM
Office units	3,037,929	3,111,246
Office lot	57,123	58,803
Shophouse	770,012	786,843
	3,865,064	3,956,892

### 8. PREPAID LEASE PAYMENTS

	The Group	
	2009 RM	2008 RM
At cost	628,636	628,636
Accumulated amortisation	(42,089)	(34,448)
	586,547	594,188
Accumulated amortisation:-		
At 1 October 2008/2007	(34,448)	(26,807)
Amortisation during the financial year	(7,641)	(7,641)
At 30 September 2009/2008	(42,089)	(34,448)

Included in prepaid lease payments is a piece of leasehold land with a carrying amount of RM374,444 (2008 - RM379,521) pledged as security for banking facilities granted to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 9. INVESTMENT PROPERTIES

	2009 RM	The Group 2008 RM
At 1 October 2008/2007	366,163	366,163
Reclassified to non-current asset classified as held for sale (Note 15)	(321,163)	-
	<hr/>	<hr/>
At 30 September 2009/2008	45,000	366,163
	<hr/>	<hr/>
At carrying amounts:-		
Freehold condominium	-	321,163
Freehold shophouse	45,000	45,000
	<hr/>	<hr/>
	45,000	366,163
	<hr/>	<hr/>

The carrying amounts of the properties approximated their fair values.

#### 10. DEFERRED TAX ASSETS

	2009 RM	The Group 2008 RM
At 1 October 2008/2007	151,000	-
Recognised in income statement (Note 29)	-	151,000
	<hr/>	<hr/>
At 30 September 2009/2008	151,000	151,000
	<hr/>	<hr/>

The components of the deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

	2009 RM	The Group 2008 RM
Deferred tax assets:-		
Provision	153,000	153,000
Deferred tax liability:-		
Excess of capital allowances over depreciation	(2,000)	(2,000)
	<hr/>	<hr/>
Net deferred tax assets	151,000	151,000
	<hr/>	<hr/>

No deferred tax assets are recognised on the following items:-

	2009 RM	The Group 2008 RM
Provision	401,000	-
Unutilised tax losses	515,800	515,800
Unabsorbed capital allowances	487,000	471,500
Excess of capital allowances over depreciation	(936,000)	(728,700)
	<hr/>	<hr/>
	467,800	258,600
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 11. INVENTORIES HELD FOR RESALE

	The Group	
	2009	2008
	RM	RM
At cost:-		
Equipment and parts held for resale	2,331,228	2,853,268

None of the inventories are carried at net realisable value.

### 12. TRADE RECEIVABLES

	The Group	
	2009	2008
	RM	RM
Gross trade receivables	29,861,277	26,173,375
Allowance for doubtful debts:-		
At 1 October 2008/2007	(4,182,377)	(2,066,367)
Addition during the financial year	(612,500)	(2,229,591)
Write-back during the financial year	51,000	113,581
At 30 September 2009/2008	(4,743,877)	(4,182,377)
	25,117,400	21,990,998

The Group's normal credit terms for trade receivables range from 7 to 210 days. Other credit terms are assessed and approved on a case-by-case basis.

### 13. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2009	2008
	RM	RM
Non-trade balances	16,543,793	16,309,606
Allowance for doubtful debts	(75,497)	-
	16,468,296	16,309,606

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

### 14. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM6,671,416 (2008 - RM5,601,043) have been pledged to licensed banks as security for banking facilities granted to a subsidiary.

Fixed deposits at the balance sheet date bore a weighted average interest of 2.54% (2008 - 3.19%) per annum. The maturity periods of the fixed deposits at the balance sheet date ranged from 30 to 365 days (2008 - 30 to 365 days).



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 15. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	The Group	
	2009	2008
	RM	RM
Freehold condominium, at cost:-		
Transfer from investment properties (Note 9)	321,163	-

The carrying amount of the property approximated its fair value.

#### 16. SHARE CAPITAL

	The Company			
	2009	2008	2009	2008
	Number Of Shares		RM	RM
ORDINARY SHARES OF RM0.10 EACH:-				
AUTHORISED	500,000,000	500,000,000	50,000,000	50,000,000
ISSUED AND FULLY PAID-UP	191,580,650	191,580,650	19,158,065	19,158,065

#### 17. SHARE PREMIUM

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.

#### 18. WARRANTS RESERVE

The Company has a total of 90,040,325 Warrants 2007/2017 in issue during the financial year. Each Warrant 2007/2017 entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.16. The Warrants 2007/2017 are exercisable over a period of 10 years from 8 February 2007 to 7 February 2017. None of the Warrants 2007/2017 in issue was exercised during the financial year.

#### 19. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of proceeds received from their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 12 March 2009, renewed their approval of the Company's plan to purchase its own shares under a share buy-back scheme.

During the financial year, the Company purchased the following shares under the share buy-back scheme from the open market:-

	Number of Shares	Average Unit Price RM	Total Consideration RM
At 1 October 2008	13,526,600	0.1486	2,009,947
Purchases during the financial year:			
- October 2008	40,100	0.0761	3,053
- June 2009	8,000	0.0800	641
	48,100	0.0768	3,694
At 30 September 2009	13,574,700	0.1483	2,013,641

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 19. TREASURY SHARES (CONT'D)

The above purchases were financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from the shareholders' equity.

Of the total 191,580,650 (2008 - 191,580,650) issued and fully paid ordinary shares as at 30 September 2009, the number of treasury shares held by the Company amounted to 13,574,700 (2008 - 13,526,600). The number of outstanding ordinary shares in issue after the set-off against the treasury shares as at 30 September 2009 amounted to 178,005,950 (2008 - 178,054,050).

None of the treasury shares was sold or cancelled during the financial year.

### 20. RETAINED PROFITS

Subject to the agreement of the tax authorities, at the balance sheet date, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

### 21. HIRE PURCHASE PAYABLES

	The Group	
	2009	2008
	RM	RM
Minimum hire purchase payments:		
- not later than one year	201,801	94,305
- later than one year and not later than five years	577,077	42,885
	<hr/>	<hr/>
	778,878	137,190
Future finance charges	(83,452)	(4,149)
	<hr/>	<hr/>
Present value of hire purchase payables	695,426	133,041
	<hr/>	<hr/>
Current:		
- not later than one year	169,363	90,982
Non-current:		
- later than one year and not later than five years	526,063	42,059
	<hr/>	<hr/>
	695,426	133,041
	<hr/>	<hr/>

The hire purchase payables at the balance sheet date bore effective interest at rates ranging from 4.54% to 7.16% (2008 - 4.54% to 6.18%) per annum.

### 22. TRADE PAYABLES

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

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

	2009	2008
	RM	RM
Pound Sterling	1,557,625	1,935,982
Euro	250,382	99,960
United States Dollar	52,165	57,546
Australian Dollar	4,861	-
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 23. AMOUNT OWING TO CONTRACT CUSTOMERS

	The Group	
	2009	2008
	RM	RM
Contract costs incurred to date	24,847,266	4,194,775
Attributable profits	7,762,809	628,909
	<hr/>	<hr/>
	32,610,075	4,823,684
Progress billings	(45,992,152)	(8,055,309)
	<hr/>	<hr/>
	(13,382,077)	(3,231,625)
	<hr/>	<hr/>

#### 24. BANKERS' ACCEPTANCES

The bankers' acceptances bear effective interest rates ranging from 2.95% to 5.60% (2008 - 5.05% to 5.25%) per annum and are secured by:-

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

#### 25. BANK OVERDRAFTS

The bank overdrafts bear effective interest rates ranging from 6.55% to 8.50% (2008 - 8.00%) per annum and are secured in the same manner as the bankers' acceptances as disclosed in Note 24 to the financial statements.

#### 26. NET ASSETS PER SHARE

The net assets per share is calculated based on the net assets value attributable to shareholders of RM26,743,270 (2008 - RM26,115,421) divided by the number of ordinary shares in issue (excluding treasury shares) at the balance sheet date of 178,005,950 shares (2008 - 178,054,050 shares).

#### 27. REVENUE

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Contract revenue	31,492,159	26,406,700	-	-
Maintenance income	3,653,284	4,201,661	-	-
Sale of goods	8,489,378	20,671,846	-	-
Rental income	1,069,072	723,395	-	-
Dividend income	-	-	611,179	509,316
	<hr/>	<hr/>	<hr/>	<hr/>
	44,703,893	52,003,602	611,179	509,316
	<hr/>	<hr/>	<hr/>	<hr/>

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 2009 (CONT'D)

### 28. PROFIT BEFORE TAXATION

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Allowance for doubtful debts	612,500	2,229,591	75,497	-
Allowance for slow-moving inventories	-	240,000	-	-
Amortisation of prepaid lease payments	7,641	7,641	-	-
Audit fee:				
- for the financial year	46,600	43,600	12,000	10,000
- overprovision in the previous financial year	(3,100)	(4,400)	(2,000)	(7,200)
Bad debts written off	4,753	-	6,309	-
Contract expenses	27,397,486	22,825,280	-	-
Depreciation of property, plant and equipment	666,452	715,779	-	-
Directors' fee	315,000	159,800	130,000	99,800
Directors' other emoluments	987,280	1,013,516	22,400	53,116
Impairment of goodwill	20	3,199	-	-
Interest expense:				
- bank overdrafts	174,819	226,698	-	-
- bankers' acceptances	139,591	85,382	-	-
- hire purchase	17,226	13,867	-	-
- trust receipts	20,925	50,075	-	-
Inventories written off	543,921	-	-	-
Loss on disposal of property, plant and equipment	-	26,453	-	-
Loss on deconsolidation of a subsidiary	61,555	-	63,253	-
Rental of equipment	6,067	9,552	-	-
Rental of motor vehicle	500	-	-	-
Rental of premises	64,553	42,840	-	-
Staff costs	5,369,785	5,080,413	-	-
Loss/(Gain) on foreign exchange - realised	33,124	(5,584)	-	-
Write-back of allowance for doubtful debts	(51,000)	(113,581)	-	-
Gain on disposal of property, plant and equipment	(264,500)	-	-	-
Dividend income from a subsidiary	-	-	(611,179)	(509,316)
Interest income	(219,132)	(267,384)	-	-
Rental income	(124,632)	(124,400)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 29. INCOME TAX EXPENSE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current tax:				
- for the financial year	555,686	283,578	28,000	92,000
- under/(over)provision in previous financial years	1,860	(12,217)	-	(12,732)
	<u>557,546</u>	<u>271,361</u>	<u>28,000</u>	<u>79,268</u>
Deferred tax assets (Note 10):				
- relating to origination and recognition of temporary differences	-	23,000	-	-
- underprovision in previous financial years	-	(174,000)	-	-
	<u>-</u>	<u>(151,000)</u>	<u>-</u>	<u>-</u>
Deferred tax liability:				
- overprovision in previous financial years	-	(42,000)	-	-
	<u>557,546</u>	<u>78,361</u>	<u>28,000</u>	<u>79,268</u>

As gazetted in the Finance Act 2009, the subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on its chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.

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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Profit before taxation	1,189,089	674,182	192,713	241,428
Tax at the statutory tax rate of 25% (2008 - 26%)	297,272	175,287	48,178	62,771
Tax effects of:-				
Differential in tax rates	-	(51,800)	-	29,229
Non-deductible expenses	206,062	205,324	-	-
Deferred tax assets not recognised during the financial year	121,056	-	-	-
Utilisation of previously unrecognised deferred tax assets	(68,704)	(22,233)	(20,178)	-
Under/(Over)provision of current tax in previous financial years	1,860	(12,217)	-	(12,732)
Underprovision of deferred tax assets in previous financial years	-	(174,000)	-	-
Overprovision of deferred taxation in previous financial years	-	(42,000)	-	-
Income tax for the financial year	<u>557,546</u>	<u>78,361</u>	<u>28,000</u>	<u>79,268</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 30. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is arrived at by dividing the profit attributable to the shareholders of RM631,543 (2008 - RM596,622) by the weighted average number of ordinary shares in issue at the balance sheet date of 178,013,715 (2008 - 181,418,328).

The fully diluted earnings per share for the Group for the current financial year is not presented as the warrants would be anti-dilutive as the exercise prices are higher than the fair value of the Company's shares.

### 31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2009	2008
	RM	RM
Cost of property, plant and equipment purchased	1,432,518	1,201,453
Amount financed through hire purchase	(698,000)	-
Cash disbursed for purchase of property, plant and equipment	734,518	1,201,453

### 32. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARY

In the previous financial year, the Company acquired a 55% equity interest in Digilink International Pte. Ltd..

The effects of the acquisition of the subsidiary on the financial results of the Group in the previous financial year were as follows:-

	2009	2008
	RM	RM
Revenue	-	-
Loss for the financial year	-	(1,780)

If the acquisitions had occurred at the beginning of the financial year, the Group's revenue and loss in the previous financial year would have been as follows:-

	2009	2008
	RM	RM
Revenue	-	-
Loss for the financial year	-	(1,780)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 32. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARY (CONT'D)

The details of net assets acquired and cash flow arising from the acquisition of the subsidiary in the previous financial year were as follows:-

	The Group	
	2009 RM	2008 RM
Cash and bank balances	-	115,005
Minority interests	-	(51,752)
Fair value of net assets acquired	-	63,253
Goodwill on acquisition	-	-
Total purchase consideration	-	63,253
Less: Cash and bank balances on acquisition of the subsidiary	-	(115,005)
Net cash inflow on acquisition of the subsidiary	-	(51,752)

#### 33. SUMMARY OF EFFECTS ON DECONSOLIDATION OF A SUBSIDIARY

During the financial year, the Company struck off its 55%-owned subsidiary, Digilink International Pte. Ltd. which was incorporated in the Republic of Singapore from the Register.

The effects of the deconsolidation of the subsidiary on the financial results of the Group for the financial year are as follows:-

	2009 RM	2008 RM
Revenue	-	-
Loss for the financial year	(6,309)	-

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

	The Group	
	2009 RM	2008 RM
Cash and bank balances/Fair value of net assets	115,005	-
Minority interest	(53,450)	-
Loss on deconsolidation of the subsidiary	(61,555)	-
	-	-
Less: Cash and bank balances on deconsolidation of a subsidiary	(115,005)	-
Net cash outflow on deconsolidation of a subsidiary	(115,005)	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 34. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Fixed deposits with licensed banks (Note 14)	10,602,302	7,921,181	-	-
Cash and bank balances	118,106	130,238	4,452	4,325
Bank overdrafts (Note 25)	(1,143,028)	(3,971,590)	-	-
	<u>9,577,380</u>	<u>4,079,829</u>	<u>4,452</u>	<u>4,325</u>

### 35. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Executive directors' remuneration:				
- Salaries, other emoluments and defined contribution plans	931,380	926,900	-	-
- Fees	200,000	80,000	50,000	20,000
- Bonus	33,500	33,500	-	-
	<u>1,164,880</u>	<u>1,040,400</u>	<u>50,000</u>	<u>20,000</u>
Non-executive directors' remuneration:				
- Salaries, other emoluments and defined contribution plans	22,400	53,116	22,400	53,116
- Fees	115,000	79,800	80,000	79,800
	<u>137,400</u>	<u>132,916</u>	<u>102,400</u>	<u>132,916</u>
Total directors' remuneration	<u>1,302,280</u>	<u>1,173,316</u>	<u>152,400</u>	<u>152,916</u>
Directors' fee	315,000	159,800	130,000	99,800
Directors' non-fee emoluments	987,280	1,013,516	22,400	53,116
	<u>1,302,280</u>	<u>1,173,316</u>	<u>152,400</u>	<u>152,916</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 35. DIRECTORS' REMUNERATION (CONT'D)

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 RM50,000 are as follows:-

	Number of Directors	Directors' fee RM	Number of Directors	Directors' Other Emoluments RM
<b>THE GROUP</b>				
2009				
- Below RM50,000	9	315,000	1	22,400
- RM100,001 to RM150,000	-	-	1	112,000
- RM150,001 to RM200,000	-	-	1	152,880
- RM250,001 to RM300,000	-	-	1	280,000
- RM400,001 to RM450,000	-	-	1	420,000
	<b>9</b>	<b>315,000</b>	<b>5</b>	<b>987,280</b>
2008				
- Below RM50,000	8	159,800	3	53,116
- RM100,001 to RM150,000	-	-	1	107,520
- RM150,001 to RM200,000	-	-	1	152,880
- RM250,001 to RM300,000	-	-	1	280,000
- RM400,001 to RM450,000	-	-	1	420,000
	<b>8</b>	<b>159,800</b>	<b>7</b>	<b>1,013,516</b>
<b>THE COMPANY</b>				
2009				
- Below RM50,000	5	130,000	1	22,400
2008				
- Below RM50,000	5	99,800	3	53,116

#### 36. RELATED PARTY DISCLOSURES

(a) For the purpose of the financial statements, the Group and the Company have related party relationships with:-

- (i) its subsidiaries as disclosed in Note 6 to the financial statements; and
- (ii) the directors who are the key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 36. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>(i) Subsidiaries</b>				
Dividend income receivable	-	-	611,179	509,316
<b>(ii) Directors</b>				
Proceeds from disposal of property, plant and equipment	-	5,000	-	-
Directors' fee	315,000	159,800	130,000	99,800
<b>(iii) Key management personnel</b>				
Short-term employee benefits	987,280	1,013,516	22,400	53,116

### 37. SEGMENTAL INFORMATION

2009	Systems Integration RM	Trading RM	Maintenance Income RM	Investment Holding RM	Rental RM	Elimination RM	Group RM
<b>THE GROUP</b>							
<b>REVENUE</b>							
External revenue	31,492,159	8,489,378	3,653,284	-	1,069,072	-	44,703,893
Intersegment revenue	-	-	-	611,179	422,400	(1,033,579)	-
Total revenue	31,492,159	8,489,378	3,653,284	611,179	1,491,472	(1,033,579)	44,703,893
<b>RESULTS</b>							
Segment results (external)	(851,794)	1,526,533	943,505	182,032	439,141	(547,779)	1,691,638
Finance costs	(473,159)	(28,835)	(347)	(125)	(83)	-	(502,549)
Profit from ordinary activities before taxation							1,189,089
Taxation							(557,546)
Profit from ordinary activities after taxation							631,543
Minority interests							-
Profit attributable to shareholders of the Company							631,543

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

### 37. SEGMENTAL INFORMATION (CONT'D)

	Systems Integration RM	Trading RM	Maintenance Income RM	Investment Holding RM	Rental RM	Total RM
<b>OTHER INFORMATION</b>						
Segment assets	35,757,365	596,230	3,489,989	12,390	7,016,865	46,872,839
Unallocated assets						151,000
						47,023,839
Segment liabilities	19,323,672	-	298,095	156,089	80,834	19,858,690
Unallocated liabilities						421,879
						20,280,569
Capital expenditure	1,002,027	-	-	-	430,491	1,432,518
Amortisation of prepaid lease payments	-	-	-	-	7,641	7,641
Depreciation	323,214	-	-	-	343,238	666,452

	Systems Integration RM	Trading RM	Maintenance Income RM	Investment Holding RM	Rental RM	Elimination RM	Group RM
<b>2008</b>							
<b>THE GROUP</b>							
<b>REVENUE</b>							
External revenue	26,406,700	20,671,846	4,201,661	-	723,395	-	52,003,602
Intersegment revenue	-	-	-	509,316	422,400	(931,716)	-
Total revenue	26,406,700	20,671,846	4,201,661	509,316	1,145,795	(931,716)	52,003,602
<b>RESULTS</b>							
Segment results (external)	(1,524,284)	544,018	2,211,250	185,623	225,495	(517,315)	1,124,787
Finance costs	(404,633)	(45,715)	-	(117)	(140)	-	(450,605)
Profit from ordinary activities before taxation							674,182
Taxation							(78,361)
Profit from ordinary activities after taxation							595,821
Minority interests							801
Profit attributable to shareholders of the Company							596,622

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

## 37. SEGMENTAL INFORMATION (CONT'D)

	Systems Integration RM	Trading RM	Maintenance Income RM	Investment Holding RM	Rental RM	Total RM
<b>OTHER INFORMATION</b>						
Segment assets	30,620,920	1,281,528	2,422,488	127,546	6,859,998	41,312,480
Unallocated assets						151,000
						41,463,480
Segment liabilities	14,784,572	-	90,335	140,732	85,432	15,101,071
Unallocated liabilities						193,538
						15,294,609
Capital expenditure	56,394	-	-	-	1,145,059	1,201,453
Amortisation of prepaid lease payments	-	-	-	-	7,641	7,641
Depreciation	440,864	-	-	-	274,915	715,779

## 38. FOREIGN EXCHANGE RATES

The principal 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:-

	2009 RM	2008 RM
Pound Sterling	5.69	6.23
Euro	5.06	4.96
United States Dollar	3.56	3.46
Australian Dollar	3.08	-

## 39. CONTINGENT LIABILITIES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unsecured:				
- Guarantees given to financial institutions in respect of facilities extended to a subsidiary	-	-	10,488,581	28,022,418
- Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	-	-	50,000	-
	-	-	10,538,581	28,022,418

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 (CONT'D)

#### 40. FAIR VALUES OF FINANCIAL INSTRUMENTS

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.

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

**(a) Bank Balances and Other Short-Term Receivables/Payables**

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

**(b) Hire Purchase Payables**

The carrying amounts approximated the fair values of the instrument. The fair values of the hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

**(c) Contingent Liabilities**

*Corporate Guarantees*

The nominal amount and net fair value of the financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:-

	Note	The Group		The Company	
		Nominal Amount RM	Net Fair Value RM	Nominal Amount RM	Net Fair Value RM
At 30.9.2009					
Contingent liabilities	39	-	-	10,538,581	*
At 30.9.2008					
Contingent liabilities	39	-	-	28,022,418	*

\* - The net fair value of the contingent liabilities is estimated to be minimal as the subsidiary is expected to fulfill its obligations to repay the borrowings.

#### 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (i) on 13 January 2009, the Company acquired the remaining 20 ordinary shares of RM1 each representing 20% of the issued and paid-up share capital of Nielsen Ward Sdn. Bhd. for a cash consideration of RM20. The total number of shares held by the Company after the acquisition is 100 ordinary shares of RM1 each representing 100% of the issued and paid-up capital of Nielsen Ward Sdn. Bhd.;
- (ii) on 6 September 2009, the Company struck off its 55%-owned subsidiary, Digilink International Pte. Ltd. which was incorporated in the Republic of Singapore from the Register; and
- (iii) the Company purchased 48,100 of its own issued ordinary shares from the open market at an average price of RM0.08 per share under the share buy-back scheme. The total consideration paid for the purchase of these shares including transaction costs was RM3,694.

# ANALYSIS OF ORDINARY SHAREHOLDINGS AND WARRANTS

## AS AT 8 FEBRUARY 2010

### ANALYSIS OF ORDINARY SHAREHOLDINGS

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	% <sup>#</sup>
Less than 100 shares	4	138	0.00
100 to 1,000 shares	68	41,200	0.02
1,001 to 10,000 shares	1,145	7,149,400	4.02
10,001 to 100,000 shares	1,002	37,474,700	21.05
100,001 to less than 5% of issued shares	178	90,181,718	50.66
5% and above of issued shares	1	43,158,794	24.25
	2,398	178,005,950	100.00

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

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

No.	Name	No. of Shares Held	% <sup>#</sup>
1	Kenangan Lampiran Sdn Bhd	43,158,794	24.25
2	Datuk Lee Wah Chong	7,430,102	4.17
3	Nik Ahmad Tadjuddin Bin Nik Mustapha	4,679,000	2.63
4	Lee Kok Choong	4,673,200	2.63
5	Datin Wa Siew Yam	4,413,230	2.48
6	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Yong Chin)	3,492,800	1.96
7	Gan Wee Peng	2,854,100	1.60
8	SJ Sec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Kwee Sow Fun)	2,800,000	1.57
9	Ong Fee Chong	2,400,110	1.35
10	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ding Lian Cheon)	2,000,000	1.12
11	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Loh Teck Wah)	1,609,900	0.90
12	Cia Ching Eiu	1,520,000	0.85
13	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kwee Sow Fun)	1,420,800	0.80
14	Yau Chwan Kun	1,400,000	0.79



# ANALYSIS OF ORDINARY SHAREHOLDINGS AND WARRANTS

AS AT 8 FEBRUARY 2010 (CONT'D)

No.	Name	No. of Shares Held	% <sup>#</sup>
15	Ooi Hock Hin	1,323,600	0.74
16	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,200,000	0.68
17	Lim Han Kong	1,200,000	0.68
18	Chen Swee Ning	1,183,500	0.66
19	Amsec Nominees (Tempatan) Sdn Bhd (PT Amcapital Indonesia for Hon Pansy)	1,072,200	0.60
20	Chong Fut Ling	1,000,000	0.56
21	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd for Teh Kee Hong)	1,000,000	0.56
22	Sam Sau Yan	1,000,000	0.56
23	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Der Chin Tong)	946,000	0.53
24	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lee Swee Eng)	940,000	0.53
25	Goh Suat Guat	900,000	0.51
26	Ong Siew Yen	899,400	0.51
27	Ham E Ven	800,000	0.45
28	Loh Chia Shing	680,000	0.38
29	Low Koon Cheng	674,400	0.38
30	Lum Chee Khin	669,100	0.38
Total		99,340,236	55.81

## 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	% <sup>#</sup>	Indirect Interest	% <sup>#</sup>
1	Kenangan Lampiran Sdn Bhd	43,158,794	24.25	-	-
2	Datuk Lee Wah Chong	7,430,102	4.17	43,158,794*	24.25
3	Ong Fee Chong	2,400,110	1.35	43,158,794*	24.25

# ANALYSIS OF ORDINARY SHAREHOLDINGS AND WARRANTS

## AS AT 8 FEBRUARY 2010 (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	% <sup>#</sup>	Indirect Interest	% <sup>#</sup>
Datuk Lee Wah Chong	7,430,102	4.17	43,158,794*	24.25
Ong Fee Chong	2,400,110	1.35	43,158,794*	24.25
Datin Wa Siew Yam	4,413,230	2.48	-	-
Lye Siang Long	-	-	-	-
YB Datuk Md. Sirat Bin Abu	-	-	-	-
Ir. Loh Khoo Hong	-	-	-	-
YB Datuk Ab Wahab Bin Ab Latip	-	-	-	-
Cheong Yee Kiong	-	-	-	-

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

# Based on the issued and paid-up capital of the Company of RM 19,158,650 comprising 191,580,650 ordinary shares less 13,574,700 treasury shares retained by the Company as per Record of Depositors.

### ANALYSIS OF WARRANT 2007/2017 HOLDINGS

No. of Warrants Issued	: 90,040,325
No. of Warrants Exercised	: NIL
No. of Warrants Unexercised	: 90,040,325
Exercise Period	: 8 February 2007 to 7 February 2017
Voting Rights at the Meeting of Warrant Holders	: Every Warrant Holder of the Company present in person shall be entitled by a show of hand to one (1) vote and every Warrant Holder present in person or by proxy shall be entitled on a poll to one (1) vote for each Warrant held.

### DISTRIBUTION SCHEDULE OF WARRANT HOLDERS

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 warrants	2	120	0.00
100 to 1,000 warrants	42	34,450	0.04
1,001 to 10,000 warrants	500	2,707,700	3.00
10,001 to 100,000 warrants	535	21,733,700	24.14
100,001 to less than 5% of issued warrants	122	43,964,355	48.83
5% and above of issued warrants	1	21,600,000	23.99
	1,202	90,040,325	100.00

# ANALYSIS OF ORDINARY SHAREHOLDINGS AND WARRANTS

AS AT 8 FEBRUARY 2010 (CONT'D)

## 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS

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

No.	Name	No. of Warrants Held	%
1	Kenangan Lampiran Sdn Bhd	21,600,000	23.99
2	Datuk Lee Wah Chong	3,540,000	3.93
3	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Francis Kong @ Kong Fen Shin)	1,758,500	1.95
4	Tan Eng Huat	1,500,000	1.66
5	Voon Jye Wah	1,376,300	1.53
6	Datin Wa Siew Yam	1,210,000	1.34
7	Cheah Yuet Ching	1,209,000	1.34
8	Ong Fee Chong	1,200,055	1.33
9	Quek Jin Ang	1,090,000	1.21
10	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Wong Chiew Kong)	940,000	1.04
11	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Boon Seng)	926,700	1.03
12	Lim Seng Nip	800,000	0.89
13	Liow Lee Eng	760,000	0.84
14	JF Apex Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Voon Sze Lin)	624,300	0.69
15	Lee Mee Leng	620,000	0.69
16	Chong Kok Cha	613,000	0.68
17	Ton Suk Kiew @ Tong Suk Kiew	603,000	0.67
18	Amirudin Bin Awang Chik	600,000	0.67
19	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak)	600,000	0.67
20	Chiew Hwa Chong	591,100	0.66
21	Wong Teck Wu	590,000	0.66
22	Moorthy A/L Manickam	505,600	0.56

# ANALYSIS OF ORDINARY SHAREHOLDINGS AND WARRANTS

## AS AT 8 FEBRUARY 2010 (CONT'D)

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS (CONT'D)

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

No.	Name	No. of Warrants Held	%
23	Choo Swee Shyang	500,000	0.56
24	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd for Teh Kee Hong)	500,000	0.56
25	Thong Kam Weng	492,000	0.55
26	Gan Wee Peng	484,900	0.54
27	Lau Yoke Lan	475,400	0.53
28	Heng Nee Nee @ Heng Ah Ni	454,000	0.50
29	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lau Ngie Tiong)	450,000	0.50
30	Hoo Choon Soon	434,800	0.48
Total		47,048,655	52.25

### DIRECTORS' WARRANT HOLDINGS (Direct & Indirect) (as per Register of Directors' Warrant Holdings)

Name of Directors	Direct Interests	%	Indirect Interests	%
Datuk Lee Wah Chong	3,540,000	3.93	21,600,000*	23.99
Ong Fee Chong	1,200,055	1.33	21,600,000*	23.99
Datin Wa Siew Yam	1,210,000	1.34	-	-
Lye Siang Long	-	-	-	-
YB Datuk Md. Sirat Bin Abu	-	-	-	-
Ir. Loh Khoo Hong	-	-	-	-
YB Datuk Ab Wahab Bin Ab Latip	-	-	-	-
Cheong Yee Kiong	-	-	-	-

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

**LIST OF PROPERTIES**

AT 30 SEPTEMBER 2009

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value <sup>#</sup> (RM)	Year of Acquisition
Lot 4.119, 4th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur.	An intermediate office lot in a 9-storey shopping-cum-office block/ Office unit	366	Freehold	31 years	57,123	1994
B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	407,512	1997
B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	461,661	1997
B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	329,869	1998
B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	344,385	2001
B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	312,524	2001
B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	326,643	2002
B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	350,451	2002

## LIST OF PROPERTIES

AT 30 SEPTEMBER 2009 (CONT'D)

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value <sup>#</sup> (RM)	Year of Acquisition
B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor.	An intermediate office lot in a 5-storey shop/ Office unit	1864	Leasehold for 99 years expiring on 23/05/2089	14 years	504,884	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	9 years	162,167	2002
Lot 165, Mukim Kuala Kuantan, Pahang.	Land (vacant bungalow lot)	15289*	Leasehold for 99 years expiring on 10/09/2092	N/A	181,093	2002
C19, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor.	A corner office lot in a 4-storey shop/Shop-office	Build-up area: 8,124 Land area: 1,920	Leasehold for 99 years expiring on 07/05/2083	16 years	1,144,456	2005
No. 28-1A, Jalan Sungai Chandong 9, Bandar Armada Putra, Pulau Indah, 42100 Pelabuhan Klang, Selangor	An intermediate office lot in a 4-storey shop/ Office unit	644	Leasehold for 99 years expiring on 11/03/2095	7 years	45,000 <sup>#</sup>	2005
Lot 10-01, Astaka Heights, Taman Pandan Perdana, 56100 Cheras, Kuala Lumpur.	Penthouse	2091	Freehold	3 year	321,163	2005

**DIGISTAR CORPORATION BERHAD**

(603652-K)

(Incorporated in Malaysia)

**FORM OF PROXY****CDS Account No.** <sup>(i)</sup> \_\_\_\_\_**No. of Shares 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 Seventh Annual General Meeting of the Company to be held at Embassy I, Level 6, D-Villa Residence, No. 225, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 31 March 2010 at 10.00a.m. and at any adjournment thereof.

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

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.)

<sup>(i)</sup> **Applicable to shares held through a nominee account.**

\* Delete where applicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

\_\_\_\_\_  
 Signature/Common Seal of Member

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. If a member appoints two (2) 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/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member of the Company is an authorised nominee as defined under the Central Depository Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary Shares of the Company standing to the credit of the said Securities Account.
3. 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.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the Meeting or any adjournment thereof.



FOLD THIS FLAP FOR SEALING

AFFIX  
STAMP



THE SECRETARY  
**DIGISTAR CORPORATION BERHAD** (603652-K)  
Level 18, The Gardens North Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur

FOLD HERE



[www.digistar.com.my](http://www.digistar.com.my)

**DIGISTAR CORPORATION BERHAD** (Company No.:603652-K)  
B6/4/4, 3rd Floor, One Ampang Business Avenue,  
Jalan Ampang Utama 1/2, 68000 Ampang, Selangor, Malaysia.  
Tel +603 4253 4319 Fax +603 4257 2168