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Quality Products
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ICT



Broadcast



Audio & Visual



Telecommunication



IPTV



E-Commerce



Security



Electronic Engineering



DIGISTAR CORPORATION BERHAD
(Company No.: 603652-K)

Annual Report

2010

CONTENTS



2	Notice of Annual General Meeting
5	Corporate Information
6	Group Structure
7	Directors' Profile
9	Chairman's Statement and Operational Review
11	Corporate Social Responsibility Statement
12	Audit Committee Report
15	Statement To The Shareholders In Relation To The Proposed Renewal Of Authority For The Purchase By Digistar Corporation Berhad Of Its Own Ordinary Share
21	Statement of Corporate Governance
27	Additional Compliance Information
28	Statement on Internal Control
29	Directors' Report
34	Statement by Directors and Statutory Declaration
35	Auditors' Report
37	Balance Sheets
39	Income Statements
40	Statements of Changes in Equity
41	Cash Flow Statements
43	Notes to the Financial Statements
73	Analysis of Shareholdings
78	List of Properties
	Form of Proxy

Vision 2020 Aspiration

As part of its social contribution towards moving Malaysia towards Vision 2020, the Group responded to the Malaysia 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 provide an avenue for DIGISTAR to employ potential employees upon completion of their studies.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Digistar Corporation Berhad will be held at Embassy 2, Level 6, D-Villa Residence, No. 225, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 22 March 2011 at 10.00a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2010 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:
 - 2.1 YB Datuk Ab Wahab Bin Ab Latip *(Ordinary Resolution 1)*
 - 2.2 Ir. Loh Khoo Hong *(Ordinary Resolution 2)*
 - 2.3 Cheong Yee Kiong *(Ordinary Resolution 3)*
 3. To approve the sum of RM280,000 being the directors' fees for the financial year ended 30 September 2010. *(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 Resolution:

 - 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)
- To consider and if thought fit, pass the following Ordinary Resolution:
- 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;
 - (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 2010, the retained profits and share premium account of the Company were RM451,356 and RM1,630,187 respectively. Based on the unaudited First Quarter results for the period ended 31 December 2010, the retained profits and share premium account of the Company were RM406,270 and RM1,630,187 respectively;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (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;

(Ordinary Resolution 7)

To consider and if thought fit, pass the following Special Resolution

5.3 PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the existing Article 131 of the Articles of Association of the Company be deleted in its entirety and substituted with the following new Article 131

Existing Article 131

Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or persons entitled. Every such cheque shall be made payable to the order of the person to whom it is sent. Subject to the provision of the unclaimed Moneys Act 1965, all dividends unclaimed for one year after having been declared may be invested or otherwise used by the Directors for the benefit of the Company until claimed. No unpaid dividend or interest shall bear interest as against the Company.

New Article 131-

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or by direct crediting the dividend entitlements to the bank account of the holder (as provided to the Bursa Depository from time to time) ("eDividend") who is named on the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or direct crediting to the holder's bank account shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or there is discrepancy given by the Member in the details of bank account(s). Every such cheque or warrant shall be sent or direct credited at the risk of the person entitled to the money thereby represented. Where the holders have provided to the Bursa Depository the relevant contact details for the purposes of electronic notifications in connection with eDividend, the Company shall notify them electronically once the Company has paid the cash dividends out of its account.

(Special Resolution 1)

BY ORDER OF THE BOARD

TAN BEE HWEE (MAICSA 7021024)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Kuala Lumpur
1 March 2011

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 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 7th Annual General Meeting ("AGM") held on 31 March 2010 and which will lapse at the conclusion of the 8th 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 the Statement to Shareholders as set out in this Annual Report for further information.

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed Special Resolution 1 if passed, will allow for payment dividend, interest or other money payable in cash in respect of shares of the Company by way of electronic transfer of remittance.

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

Members

Ir. Loh Khoon Hong
Cheong Yee Kiong

REMUNERATION COMMITTEE

Chairman

YB Datuk Ab Wahab Bin Ab Latip

Members

Datuk Lee Wah Chong
Ir. Loh Khoon Hong
Cheong Yee Kiong

COMPANY SECRETARIES

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

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 2011



DIRECTORS' PROFILE

YB DATUK MD. SIRAT BIN ABU

YB Datuk Md. Sirat Bin Abu, a Malaysian aged 52, 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 five (5) out of five (5) Board of Directors' Meeting held during the financial year ended 30 September 2010.

DATUK LEE WAH CHONG

Datuk Lee Wah Chong, a Malaysian aged 53, was appointed as the Managing Director of the Company on 18 August 2003. 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 five (5) Board of Directors' Meeting held during the financial year ended 30 September 2010.

ONG FEE CHONG

Mr. Ong Fee Chong, a Malaysian aged 40, 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 five (5) Board of Directors' Meeting held during the financial year ended 30 September 2010.

DATIN WA SIEW YAM

Datin Wa Siew Yam, a Malaysian aged 52, 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 five (5) Board of Directors' Meetings held during the financial year ended 30 September 2010.

YB DATUK AB WAHAB BIN AB LATIP

YB Datuk Ab Wahab Bin Ab Latip, a Malaysian aged 55, was appointed as an Independent Non-Executive Director of the Company on 27 April 2004. He is also the Chairman of the Audit Committee of the Company. He graduated from Maktab Perguruan Lembah Pantai with a Certificate in Education in 1980 and later obtained his Diploma in Public Administration from Universiti Institute Teknologi Mara in 1989. He has been actively involved in government activities and was a member of the City Council of Alor Gajah, Melaka for 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 five (5) out of five (5) Board of Directors' Meeting held during the financial year ended 30 September 2010.

DIRECTORS' PROFILE (CONT'D)

IR. LOH KHOON HONG

Ir. Loh Khoon Hong, a Malaysian aged 67, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003. He is also a member of the Audit Committee. 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 five (5) Board of Directors' Meeting held during the financial year ended 30 September 2010.

LYE SIANG LONG

Mr. Lye Siang Long, a Malaysian aged 41, 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 five (5) Board of Directors' Meeting held during the financial year ended 30 September 2010.

CHEONG YEE KIONG

Mr. Cheong Yee Kiong, a Malaysian aged 49, was appointed as an Independent Non-Executive Director of the Company on 30 January 2009. He was also appointed as a member of the Audit Committee on the same date. 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 five (5) out of five (5) Board of Directors' Meeting held during his tenure as director in the financial year ended 30 September 2010

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 2011 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

On behalf of the Board of Directors, I am pleased to present to the shareholders' the Annual Report and Financial Statements of Digistar Corporation Berhad ("Digistar or the Company") for the financial year ended 30 September 2010.

ECONOMIC REVIEW

The Company's and Group performance is closely linked to the construction industry and the information technology ("IT") related and sub-sectors activities in Malaysia, and the general outlook of which is as follows:

In general, Malaysia has recovered from the global economic recession resulting from proactive measures undertaken by the Government. The effectiveness of these measures is reflected by the 9.5% expansion in gross domestic product (GDP) in the first half of 2010 compared with -5% during the same period last year. The Malaysia economic outcome in 2010 has recorded at 7.2%.

The global economy is also expected to recover 4.8% compared with -0.6% in 2009. In 2011, the global economy is expected to grow moderately by 4.2%.

In particular, the growth in the construction sector in 2010 recorded at 4.9% compared to 3.5% last year, mainly supported by accelerated ongoing projects and stimulus packages.

The communications sub-sector has recorded a higher growth of 7.3 per cent in 2010 compared to 6% last year, largely driven by robust performance of the telecommunication industry.

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

OPERATIONAL AND FINANCIAL REVIEW

In specific, the Group registered a revenue and profit before taxation of RM73.29 million and RM4.3 million respectively for the cumulative quarters ended 30 September 2010 as compared to a revenue and profit before taxation of RM44.7 million and RM1.2 million in the preceding year. The increase in revenue and profit before taxation are mainly due to delivery of certain fast-track system integration projects with better profit margin coupling with favourable currencies movement for import of equipments.

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.

DIVIDENDS

Since the end of the previous financial year, the Group has declared and paid for the interim dividend as follows, in respect of financial year ended September 30, 2010,

- | | |
|--|-----------|
| a) An interim dividend of 10% less tax of 25% based on 178,005,950 ordinary shares with voting rights, paid on 4 May 2010. | 1,355,045 |
| b) A share dividend via distribution of 8,900,292 treasury shares on the basis of one treasury share for every twenty existing ordinary share held, distributed on 5 May 2010. | 1,320,250 |

and the Board of Directors do not recommend the payment of any final dividend for the current financial year.

CHAIRMAN'S STATEMENT AND OPERATIONAL REVIEW (CONT'D)

PROSPECTS

The Malaysian economy is projected to expand between 5.0% to 6.0% in 2011 (2010: 7.2%), mainly driven by domestic demand and supported by a favourable external sector. The strong economic fundamentals will continue to propel the growth momentum of domestic demand.

The construction sector is envisaged to expand 4.4% in 2011 (2010: 4.9%), supported by the acceleration of ongoing projects such as KLIA 2, the Second Penang Bridge, SKVE (Package 3), Sabah-Sarawak Gas Pipeline and the LRT extensions in addition to the development projects in the five growth corridors as well as implementation of new projects such as Electrified Double Track from Gemas-Johor Bahru, West Coast Banting-Taiping Expressway, Elevated Ampang-Pandan-Cheras Expressway, ITT in Gombak and the 300MW Gas-Fired Power Plant in Sabah.

(Source: Malaysian Institute of Economic Research, Malaysian Economic Outlook)

In the broadcasting industry, the subscription-based satellite television, Astro All Asia Networks (ASTRO), has 3.0 million subscribers translating to a household penetration rate of 49.2% as at end-June 2010 (end-June 2009: 2.8 million; 44.9%). This was largely due to enhanced demand for diverse content, strategic marketing campaigns as well as increased subscriptions to sports packages in conjunction with various sports events. The performance of broadcasting industry is expected to remain upbeat in 2010 with the offerings of High-Definition Television (HDTV) and Internet Protocol Television (IPTV) services.

(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)

For broadcasting, most of the television networks and production facilities in the Asia-Pacific region currently is continuing 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 continuous 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 2011.

BOARD CHANGES

There was no changed in the Board since the last Annual General Meeting.

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

28 February 2011

CORPORATE SOCIAL RESPONSIBILITY STATEMENT



Digistar views Corporate Social Responsibility as an on-going commitment by the business as well as to contribute to economic and social development whilst improving the quality of stakeholders' value and the local community at large.

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, Old Folks Home that lack of attention and support from the local community.

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.

Digistar will continue to participate in various charities and academic events in a sustainable manner for our future generation.



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 2010. The primary objective of the Audit Committee is to assist the Board to oversee the financial reporting and assess the Group's process relating to its risk and control environment. The Audit Committee is also responsible for evaluating the internal and external audit processes.

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

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

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee had been revised to be 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.
- (viii) meet with the external auditor without Executive Board members present at least twice a year.

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 2010, 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
Cheong Yee Kiong	5/5

During the financial year ended 30 September 2010, 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 2010 in the discharge of its functions and duties, including the deliberation and review of:

- 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.
- the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.
- 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.
- the new developments and updates on Financial Reporting Standards issued by the Malaysian Accounting Standards Board and their impact on the Group.
- the Audit Committee Report and Statement on Internal Control for compliance with the Code and AMLR before recommending to the Board for approval.
- the audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.
- the related party transactions and potential conflict of interest situation that may have arisen within the Company or Group.
- the external audit fees for the financial year ended 30 September 2010 and recommended the same for the approval of the Board of Directors.
- 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 2010, 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 2010 was RM8,939.00.

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 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 2010 the retained profits and share premium account of the Company stood at RM451,356 and RM1,630,187 respectively. Based on the unaudited First Quarter results for the period ended 31 December 2010, the retained profits and share premium account of the Company stood at RM406,270 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 2010, the Group has a net cash and cash equivalent balance of approximately RM17,686,309.

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

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 and persons connected with them as at 8 February 2011 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.

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

Minimum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Lee Wah Chong	7,801,607	4.08	45,316,733	23.68	7,801,607	4.52	45,316,733	26.28
Ong Fee Chong	2,520,115	1.32	45,316,733	23.68	2,520,115	1.46	45,316,733	26.28
Datin Wa Siew Yam	4,633,891	2.42	-	-	4,633,891	2.69	-	-

Maximum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Lee Wah Chong ^(a)	12,614,007	4.48	66,916,733	23.78	12,614,007	4.98	66,916,733	26.40
Ong Fee Chong ^(b)	3,720,170	1.32	66,916,733	23.78	3,720,170	1.47	66,916,733	26.40
Datin Wa Siew Yam ^(c)	5,843,891	2.08	-	-	5,843,891	2.31	-	-

Notes:

- (i) The Shares purchased and held as treasury shares as at 8 February 2011 is 174,908 treasury shares.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchased under the respective scenarios.
- (a) Datuk Lee Wah Chong holds 4,812,400 warrants as at 8 February 2011.
- (b) Mr Ong Fee Chong holds 1,200,055 warrants as at 8 February 2011.
- (c) Datin Wa Siew Yam holds 1,210,000 warrants as at 8 February 2011.
- # 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)

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

Minimum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kenangan Lampiran Sdn Bhd	45,316,733	23.68	-	-	45,316,733	26.28	-	-
Datuk Lee Wah Chong	7,801,607	4.08	45,316,733	23.68	7,801,607	4.52	45,316,733	26.28
Ong Fee Chong	2,520,115	1.32	45,316,733	23.68	2,520,115	1.46	45,316,733	26.28

Maximum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest [#]		Direct Interest		Indirect Interest [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kenangan Lampiran Sdn Bhd	66,916,733	23.78	-	-	66,916,733	26.40	-	-
Datuk Lee Wah Chong	12,614,007	4.48	66,916,733	23.78	12,614,007	4.98	66,916,733	26.40
Ong Fee Chong	3,720,170	1.32	66,916,733	23.78	3,720,170	1.47	66,916,733	26.40

Notes:

- (i) The Shares purchased and held as treasury shares as at 8 February 2011 is 174,908 treasury shares.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchases under the respective scenarios.
- (a) Kenangan holds 21,600,000 warrants as at 8 February 2011.
- (b) Datuk Lee Wah Chong holds 4,812,400 warrants as at 8 February 2011.
- (c) Mr Ong Fee Chong holds 1,200,055 warrants as at 8 February 2011.
- # Deemed interest via Kenangan Lampiran Sdn Bhd under Section 6A of the Companies Act, 1965.

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

Minimum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Mey Ling [#]	554,400	0.29	-	-	554,400	0.32	-	-
Lee Hwa Beng [#]	315,000	0.16	-	-	315,000	0.18	-	-
Ong Fee Yang [#]	210,000	0.11	-	-	210,000	0.12	-	-
Chua Mooi Hua [#]	117,705	0.06	-	-	117,705	0.07	-	-
Lee Seng Gak [#]	82,950	0.04	-	-	82,950	0.05	-	-
Lye Siang Huat [#]	61,950	0.03	-	-	61,950	0.04	-	-
Lee Hwa Yu [#]	10,500	0.01	-	-	10,500	0.01	-	-
Lee Hwa Yang [#]	4,200	0.00	-	-	4,200	0.00	-	-

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

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

Maximum Scenario:

	Before Proposed Renewal taking into account the Shares purchased and held as treasury shares ⁽ⁱ⁾				After Proposed Renewal assuming 10% of share capital was purchased and cancelled ⁽ⁱⁱ⁾			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Mey Ling #	554,400	0.20	-	-	554,400	0.22	-	-
Lee Hwa Beng #	465,000	0.17	-	-	465,000	0.18	-	-
Ong Fee Yang #	260,000	0.09	-	-	260,000	0.10	-	-
Chua Mooi Hua #	117,705	0.04	-	-	117,705	0.05	-	-
Lee Seng Gak #	82,950	0.03	-	-	82,950	0.03	-	-
Lye Siang Huat #	61,950	0.02	-	-	61,950	0.02	-	-
Lee Hwa Yu #	10,500	0.00	-	-	10,500	0.00	-	-
Lee Hwa Yang #	8,700	0.00	-	-	8,700	0.00	-	-

Notes:

- (i) The Shares purchased and held as treasury shares as at 8 February 2011 is 174,908 treasury shares.
- (ii) Assuming that the purchase of Digistar Shares pursuant to the Proposed Renewal is based on the maximum number of Digistar Shares that may be purchases under the respective scenarios.
- # Deemed as person in relation to the Directors and Substantial Shareholders.

6. Potential Advantages and Disadvantages of the Proposed Renewal

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

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

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

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

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

	Minimum Scenario No. of shares	Maximum Scenario No. of shares
As at 8 February 2011	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 174,908 Digistar Shares purchased and held as treasury shares as at 8 February 2011.

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

An interim dividend and share dividend have been declared in respect of financial year ended 30 September 2010. Barring unforeseen circumstances, the dividends to be declared by Digistar, if any, in respect of the current financial year ending 30 September 2011 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 2010 (the "Code")

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

As at 8 February 2011, the collective percentage shareholding of the sole direct substantial shareholder of Digistar, Kenangan Lampiran Sdn Bhd ("Kenangan"), and parties acting in concert ("PAC") is 32.15%. Based on their collective shareholding as at 8 February 2011 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 9, Paragraph 24.1 of the Code ("Proposed Waiver").

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

9. Purchases Made in Last Financial Year

During the financial year ended 30 September 2010, the Company has not purchased Digistar Shares from the open market. All the Digistar Shares purchased so far have been retained as treasury shares, and the total numbers of Shares retained as treasury shares as at 30 September 2010 was 4,674,408.

The information on purchase made by the Company of its own shares in financial year ended 30 September 2010 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 2011 and based on the Substantial Shareholders' filing with the Company as at 8 February 2011, the public shareholding of the Company is 67.84%.

The public shareholding spread of the Company is expected to be reduced to 64.19% 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 2011. 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 convey.

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 five (5) meetings held during the financial year ended 30 September 2010, the details of the attendance are as follows:-

NAME	ATTENDANCE
YB Datuk Md. Sirat Bin Abu	5/5
Datuk Lee Wah Chong	5/5
Ong Fee Chong	5/5
Datin Wa Siew Yam	5/5
Ir. Loh Khoon Hong	5/5
Lye Siang Long	5/5
YB Datuk Ab Wahab Bin Ab Latip	5/5
Cheong Yee Kiong	5/5

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.

STATEMENT OF CORPORATE GOVERNANCE

(CONT'D)

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.

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

- Accounting for Financial Instruments - forum on FRS139.
- Building Financial Models for Decision Making – Audit Oversight Board: implication for Public Interest Entities.
- Technical briefing: Bursa Securities Malaysia Main Market Listing Requirements.
- Financial Standards- FRS 132, FRS 7 and IFRS 9 amendment.
- Practical Application of FRS139, Simplifying Accounting for financial instrument.

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 detailed out in from pages 12 to 14 of the Annual Report.

(ii) Nomination Committee

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 primarily 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.
- 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 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 primarily 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 2010 were as follows:

Remuneration Components	Group	
	Executive Directors	Non-Executive Directors
	RM	RM
Fees	200,000	80,000
Salaries	1,204,000	-
Bonuses	1,214,000	-
EPF	173,040	-
Allowance	24,000	42,400
	<hr/> 2,815,040	<hr/> 122,400

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

B) DIRECTORS' REMUNERATION (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	-	3
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	1	-
RM400,001 to RM450,000	3	-
RM450,001 to RM500,000	-	-

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.

STATEMENT OF CORPORATE GOVERNANCE

(CONT'D)

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.

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 auditor. 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 2010 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 2010, 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.

F) COMPLIANCE WITH THE CODE

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

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

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

2. SHARE BUY-BACK

There was no purchase of treasury share during the financial year ended 30 September 2010, except for the distribution of share dividend of 8,900,292 treasury share on the basis of one treasury share for every twenty ordinary share held, on 5 May 2010.

As at 30 September 2010, the cumulative total number of shares held as treasury shares was 4,674,408 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 2010.

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 2010 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

There was no amount of non-audit fees incurred by the Group during the financial year, in respect to the external auditors.

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 is in the process of formalising the Group's risk management framework in which the existence of significant risks of the Group will be identified and quantified. A risk profile of the Group will be 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.

The internal audit function has been carried out during the financial year under review by an independent consulting firm based on a risk-based audit approach, which reported its audit findings and recommendations of internal controls to the Audit Committee members during Audit Committee meeting.

OTHER KEY ELEMENT 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 2010.

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	4,293,577	872,628

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends in respect of the financial year ended 30 September 2010:-

- (a) an interim dividend of one sen per ordinary share less income tax of 25% on 178,005,950 ordinary shares with voting rights amounting to RM1,335,045; and
- (b) a share dividend via distribution of 8,900,292 treasury shares on the basis of one treasury share for every twenty existing ordinary shares held (the fractions of treasury shares to be disregarded) amounting to RM1,320,250.

The directors do not recommend the payment of any final 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

On 31 March 2010, the Company declared and approved a share dividend in respect of the financial year ended 30 September 2010 via the distribution of 8,900,292 treasury shares on the basis of one treasury share for every twenty existing ordinary shares of RM0.10 each held at the entitlement date of 21 April 2010 (the fractions of treasury shares to be disregarded). The share dividend was distributed on 5 May 2010.

The detailed movements of the treasury shares during the financial year are disclosed in Note 20 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.

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, except for those disclosed in the notes to the financial statements.

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 40 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:-

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

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 1.10.2009	ALLOTTED ⁽¹⁾	SOLD	AT 30.9.2010
DIRECT INTERESTS				
DATUK LEE WAH CHONG	7,430,102	371,505	-	7,801,607
DATIN WA SIEW YAM	4,413,230	220,661	-	4,633,891
ONG FEE CHONG	2,400,110	120,005	-	2,520,115
INDIRECT INTERESTS				
DATUK LEE WAH CHONG ⁽²⁾	43,158,794	2,157,939	-	45,316,733
ONG FEE CHONG ⁽²⁾	43,158,794	2,157,939	-	45,316,733

	NUMBER OF WARRANTS 2007/2017			
	AT 1.10.2009	BOUGHT	SOLD	AT 30.9.2010
DIRECT INTERESTS				
DATUK LEE WAH CHONG	3,540,000	1,044,400	-	4,584,400
DATIN WA SIEW YAM	1,210,000	-	-	1,210,000
ONG FEE CHONG	1,200,055	-	-	1,200,055
INDIRECT INTERESTS				
DATUK LEE WAH CHONG ⁽²⁾	21,600,000	-	-	21,600,000
ONG FEE CHONG ⁽²⁾	21,600,000	-	-	21,600,000

⁽¹⁾ Share dividend via distribution of treasury shares.

⁽²⁾ Interests 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' 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.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 42 to the financial statements.

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JANUARY 2011**

Datuk Lee Wah Chong

Lye Siang Long

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

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 37 to 72 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 2010 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 2011**

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 37 to 72 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 2011

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 (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Digistar Corporation Berhad, which comprise the balance sheets as at 30 September 2010 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 37 to 72.

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 2010 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' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (Incorporated in Malaysia) (CONT'D)

Report on Other Legal and Regulatory Requirements (Cont'd)

- (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.

The supplementary information set out in Note 21 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath

Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
28 January 2011

Onn Kien Hoe

Approval No: 1772/11/12 (J/PH)
Chartered Accountant

BALANCE SHEETS

AT 30 SEPTEMBER 2010

		THE GROUP		THE COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	5,014,266	5,015,446
Property, plant and equipment	7	9,930,619	7,262,362	-	-
Prepaid lease payments	8	2,585,468	586,547	-	-
Investment properties	9	45,000	45,000	-	-
Deferred tax assets	10	-	151,000	-	-
		12,561,087	8,044,909	5,014,266	5,015,446
CURRENT ASSETS					
Inventories held for resale	11	2,965,080	2,331,228	-	-
Trade receivables	12	10,012,341	25,117,400	-	-
Other receivables, deposits and prepayments		3,159,949	488,731	8,819	6,825
Amount owing by contract customers	13	5,683,362	-	-	-
Amount owing by subsidiaries	14	-	-	16,005,319	16,468,296
Tax refundable		145,608	165,217	145,608	165,217
Fixed deposits with licensed banks	15	18,375,580	10,602,302	-	-
Cash and bank balances		157,774	118,106	1,163	4,452
		40,499,694	38,822,984	16,160,909	16,644,790
Non-current asset classified as held for sale	16	321,163	321,163	-	-
TOTAL ASSETS		53,381,944	47,189,056	21,175,175	21,660,236

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

BALANCE SHEETS

AT 30 SEPTEMBER 2010 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	19,158,065	19,158,065	19,158,065	19,158,065
Share premium	18	1,630,187	1,630,187	1,630,187	1,630,187
Warrants reserve	19	503,064	503,064	503,064	503,064
Treasury shares	20	(693,391)	(2,013,641)	(693,391)	(2,013,641)
Retained profits	21	9,103,877	7,465,595	451,356	2,234,023
TOTAL EQUITY		29,701,802	26,743,270	21,049,281	21,511,698
NON-CURRENT LIABILITY					
Hire purchase payables	22	1,485,895	526,063	-	-
CURRENT LIABILITIES					
Trade payables	23	3,511,874	3,431,952	-	-
Other payables and accruals		3,039,590	743,207	125,894	148,538
Amount owing to contract customers	13	11,450,908	13,382,077	-	-
Hire purchase payables	22	387,625	169,363	-	-
Bankers’ acceptances	24	354,000	463,000	-	-
Bank overdrafts	25	847,045	1,143,028	-	-
Provision for taxation		2,603,205	587,096	-	-
		22,194,247	19,919,723	125,894	148,538
TOTAL LIABILITIES		23,680,142	20,445,786	125,894	148,538
TOTAL EQUITY AND LIABILITIES		53,381,944	47,189,056	21,175,175	21,660,236
NET ASSETS PER SHARE	26	16 sen	15 sen		

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
REVENUE	27	73,288,515	44,703,893	1,651,737	611,179
COST OF SALES		(52,498,380)	(35,341,126)	-	-
GROSS PROFIT		20,790,135	9,362,767	1,651,737	611,179
OTHER INCOME		2,905,072	543,343	62	-
		23,695,207	9,906,110	1,651,799	611,179
ADMINISTRATIVE EXPENSES		(10,311,390)	(6,018,401)	(315,579)	(336,535)
MARKETING EXPENSES		(1,455,859)	(901,062)	-	-
OTHER EXPENSES		(4,346,600)	(1,295,009)	(36,367)	(81,806)
FINANCE COSTS		(339,662)	(502,549)	(164)	(125)
		(16,453,511)	(8,717,021)	(352,110)	(418,466)
PROFIT BEFORE TAXATION	28	7,241,696	1,189,089	1,299,689	192,713
INCOME TAX EXPENSE	29	(2,948,119)	(557,546)	(427,061)	(28,000)
PROFIT AFTER TAXATION		4,293,577	631,543	872,628	164,713
ATTRIBUTABLE TO:-					
Equity holders of the Company		4,293,577	631,543	872,628	164,713
Earnings per ordinary share	30				
- basic		2.36 sen	0.35 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 2010

	← NON-DISTRIBUTABLE RESERVE →				DISTRIBUTABLE RESERVE →				TOTAL EQUITY RM
	SHARE CAPITAL RM	SHARE PREMIUM RM	WARRANTS RESERVE RM	TREASURY SHARES RM	TRANSLATION RESERVE RM	RETAINED PROFITS RM	MINORITY INTEREST RM	TOTAL RM	
THE GROUP									
Balance at 1.10.2008	19,158,065	1,630,187	503,064	(2,009,947)	3,055	6,830,997	53,450	26,115,421	26,168,871
Treasury shares acquired (Note 20)	-	-	-	(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 30.9.2009/1.10.2009	19,158,065	1,630,187	503,064	(2,013,641)	-	7,465,595	-	26,743,270	26,743,270
Distribution of treasury shares as share dividend (Notes 20 and 31)	-	-	-	1,320,250	-	(1,320,250)	-	-	-
Dividend (Note 31)	-	-	-	-	-	(1,335,045)	-	(1,335,045)	(1,335,045)
Profit after taxation	-	-	-	-	-	4,293,577	-	4,293,577	4,293,577
Balance at 30.9.2010	19,158,065	1,630,187	503,064	(693,391)	-	9,103,877	-	29,701,802	29,701,802
THE COMPANY									
Balance at 1.10.2008	19,158,065	1,630,187	503,064	(2,009,947)	503,064	(2,009,947)	2,069,310	21,350,679	21,350,679
Treasury shares acquired (Note 20)	-	-	-	(3,694)	-	(3,694)	-	(3,694)	(3,694)
Profit after taxation	-	-	-	-	-	-	164,713	164,713	164,713
Balance at 30.9.2009/1.10.2009	19,158,065	1,630,187	503,064	(2,013,641)	503,064	(2,013,641)	2,234,023	21,511,698	21,511,698
Distribution of treasury shares as share dividend (Notes 20 and 31)	-	-	-	1,320,250	-	(1,320,250)	(1,320,250)	-	-
Dividend (Note 31)	-	-	-	-	-	-	(1,335,045)	(1,335,045)	(1,335,045)
Profit after taxation	-	-	-	-	-	-	872,628	872,628	872,628
Balance at 30.9.2010	19,158,065	1,630,187	503,064	(693,391)	503,064	(693,391)	451,356	21,049,281	21,049,281

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	7,241,696	1,189,089	1,299,689	192,713
Adjustments for:-				
Allowance for doubtful debts	2,928,842	612,500	-	75,497
Amortisation of prepaid lease payments	10,178	7,641	-	-
Bad debts written off	-	4,753	35,187	6,309
Depreciation of property, plant and equipment	1,249,999	666,452	-	-
Impairment of goodwill	-	20	-	-
Interest expense	107,158	352,561	-	-
Inventories written off	246,768	543,921	-	-
Loss on deconsolidation of subsidiaries	-	61,555	1,180	63,253
Dividend income	(21,926)	-	(1,651,737)	(611,179)
Gain on disposal of property, plant and equipment	(321,289)	(264,500)	-	-
Interest income	(321,537)	(219,132)	-	-
Write-back of allowance for doubtful debts	(2,032,023)	(51,000)	-	-
Operating profit/(loss) before working capital changes	9,087,866	2,903,860	(315,681)	(273,407)
Increase in inventories	(880,620)	(21,881)	-	-
Net (decrease)/increase in amount owing to contract customers	(7,614,531)	10,150,452	-	-
Decrease/(Increase) in trade and other receivables	11,537,022	(3,216,485)	(1,994)	(4,843)
Increase/(Decrease) in trade and other payables	2,376,305	388,344	(22,644)	13,956
CASH FLOWS FROM/(FOR) OPERATIONS	14,506,042	10,204,290	(340,319)	(264,294)
Interest paid	(107,158)	(352,561)	-	-
Tax (paid)/refunded	(761,401)	(329,205)	-	50,247
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	13,637,483	9,522,524	(340,319)	(214,047)

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
BALANCE BROUGHT FORWARD		13,637,483	9,522,524	(340,319)	(214,047)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	32	(2,515,717)	(734,518)	-	-
Prepaid lease payments		(2,009,099)	-	-	-
Proceeds from disposal of property, plant and equipment		327,750	264,500	-	-
Additional investment in subsidiaries		-	(20)	-	(20)
Net cash outflow on deconsolidation of subsidiaries	33	-	(115,005)	-	-
Repayment from/(Advances to) subsidiaries		-	-	427,790	(11,304)
Dividend received		21,926	-	1,244,285	229,192
Interest received		321,537	219,132	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(3,853,603)	(365,911)	1,672,075	217,868
CASH FLOWS FOR FINANCING ACTIVITIES					
Purchase of treasury shares		-	(3,694)	-	(3,694)
Dividend paid		(1,335,045)	-	(1,335,045)	-
Repayment of hire purchase obligations		(230,906)	(135,615)	-	-
Net repayment of bills payable		(109,000)	(3,515,000)	-	-
NET CASH FOR FINANCING ACTIVITIES		(1,674,951)	(3,654,309)	(1,335,045)	(3,694)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,108,929	5,502,304	(3,289)	127
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		-	(4,753)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		9,577,380	4,079,829	4,452	4,325
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	17,686,309	9,577,380	1,163	4,452

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

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	:	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Principal place of business	:	B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 January 2011.

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 Australian Dollar, United States Dollar and Singapore Dollar.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk 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 risk relates to the amounts owing by six customers which constituted 64% 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.

(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 and the Companies Act 1965 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standard:-

FRS 8 Operating Segments

FRS 8 replaces FRS 1142004 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) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 101 (Revised) Presentation of Financial Statements	1 January 2010
FRS 123 (Revised) Borrowing Costs	1 January 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

4. BASIS OF PREPARATION (CONT'D)

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)	Effective date
FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

4. BASIS OF PREPARATION (CONT'D)

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)	Effective date
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Annual Improvements to FRSs (2009)	1 January 2010
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:

FRS 3 (Revised) 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. This 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 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 (including the subsequent amendments) and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 101 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

FRS 123 (Revised) removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions, the Group will apply this revised standard to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 January 2010. This change in accounting policy will not have any financial impact on the financial statements for the current financial year but may impact the accounting for future transactions or arrangements.

FRS 124 (Revised) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances may be affected when this revised standard is applied in future because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

FRS 127 (Revised) 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 FRS 127 (Revised) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

4. BASIS OF PREPARATION (CONT'D)

Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividends from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments 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.

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.

Annual Improvements to FRSs (2009) contain amendments to 21 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 except for leasehold land where in substance a finance lease will be reclassified from 'prepaid lease payments' to 'property, plant and equipment' and measured as such retrospectively.

Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

- *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

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

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

(ii) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the 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.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 September 2010.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goodwill On Consolidation (Cont'd)

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.

(f) 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.

(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	20%
Plant and machinery	20%
Furniture and fittings	20%
Office equipment	20%
Renovation	20%
Motor vehicles	20%

During the financial year, the useful lives of certain plant and equipment have been revised from ten to five years with effect from 1 October 2009. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge of the Group for the current financial year has been increased by RM380,000.

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.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Amounts Owing By/To Contract Customers

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Contingent Liabilities and Contingent Assets (Cont'd)

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.

(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) Operating Segments

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

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	5,014,266	5,015,446

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of Company	Equity Interest		Principal Activities
	2010	2009	
Digistar Holdings Sdn. Bhd.	100%	100%	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.
Digistar Properties Sdn. Bhd.	100%	100%	Renting, maintaining and upkeep of properties.
Digistar Rauland MSC Sdn. Bhd.	80%	80%	Health television operator.
Rauland Asia Sdn. Bhd.	100%	100%	Dormant.
Nielsen Ward Sdn. Bhd.	100%	100%	Dormant.
Digistar Vision Sdn. Bhd. #	60%	60%	Health television operator.
Digistar Engineering Sdn. Bhd. #	-	80%	*
Digistar Media Sdn. Bhd. #	-	100%	*
Aman Geliga Sdn. Bhd. #	-	100%	*

Not audited by Messrs. Crowe Horwath.

* In the process of being struck off from the Register of the Companies Commission of Malaysia pursuant to Section 308 of the Companies Act 1965.

7. PROPERTY, PLANT AND EQUIPMENT

	AT 1.10.2009 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 30.9.2010 RM
THE GROUP					
NET BOOK VALUE					
Office lot, shophouse and office units	3,996,221	983,180	-	(96,591)	4,882,810
Computers and printers	112,553	43,671	-	(69,541)	86,683
Site office cabins, plant and machinery, furniture and fittings	94,275	3,084	-	(46,979)	50,380
Office equipment and renovation	2,144,439	884,407	(6,461)	(696,134)	2,326,251
Motor vehicles	914,874	1,723,774	-	(340,754)	2,297,894
Capital work-in-progress	-	286,601	-	-	286,601
	7,262,362	3,924,717	(6,461)	(1,249,999)	9,930,619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

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

	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	134,403	29,839	(51,689)	112,553
Site office cabins, plant and machinery, furniture and fittings	111,391	8,813	(25,929)	94,275
Office equipment and renovation	2,009,513	440,780	(305,854)	2,144,439
Motor vehicles	149,816	953,086	(188,028)	914,874
	6,496,296	1,432,518	(666,452)	7,262,362

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 30.9.2010			
Office lot, shophouse and office units	5,730,760	(847,950)	4,882,810
Computers and printers	678,773	(592,090)	86,683
Site office cabins, plant and machinery, furniture and fittings	342,580	(292,200)	50,380
Office equipment and renovation	4,233,177	(1,906,926)	2,326,251
Motor vehicles	3,035,070	(737,176)	2,297,894
Capital work-in-progress	286,601	-	286,601
	14,306,961	(4,376,342)	9,930,619

At 30.9.2009			
Office lot, shophouse and office units	4,747,580	(751,359)	3,996,221
Computers and printers	635,102	(522,549)	112,553
Site office cabins, plant and machinery, furniture and fittings	339,496	(245,221)	94,275
Office equipment and renovation	3,356,446	(1,212,007)	2,144,439
Motor vehicles	2,372,911	(1,458,037)	914,874
	11,451,535	(4,189,173)	7,262,362

Certain motor vehicles with a total net book value of RM2,269,874 (2009 - RM878,848) 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	
	2010 RM	2009 RM
Office units	2,964,610	3,037,929
Office lot	55,443	57,123
Shophouse	753,181	770,012
	3,773,234	3,865,064

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

8. PREPAID LEASE PAYMENTS

	THE GROUP	
	2010 RM	2009 RM
At cost :-		
At 1 October 2009/2008	628,636	628,636
Addition during the financial year	2,009,099	-
At 30 September 2010/2009	2,637,735	628,636
Accumulated amortisation:-		
At 1 October 2009/2008	(42,089)	(34,448)
Amortisation during the financial year	(10,178)	(7,641)
At 30 September 2010/2009	(52,267)	(42,089)
	2,585,468	586,547

Included in prepaid lease payments is a piece of leasehold land with a carrying amount of RM369,367 (2009 - RM374,444) pledged as security for banking facilities granted to the Group.

9. INVESTMENT PROPERTIES

	THE GROUP	
	2010 RM	2009 RM
Freehold shophouse, at cost:-		
At 1 October 2009/2008	45,000	366,163
Reclassified to non-current asset classified as held for sale (Note 16)	-	(321,163)
At 30 September 2010/2009	45,000	45,000

The carrying amount of the property approximated its fair value.

10. DEFERRED TAX ASSETS

	THE GROUP	
	2010 RM	2009 RM
At 1 October 2009/2008	151,000	151,000
Recognised in income statement (Note 29)	(151,000)	-
At 30 September 2010/2009	-	151,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

10. DEFERRED TAX ASSETS (CONT'D)

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

	THE GROUP	
	2010 RM	2009 RM
Deferred tax asset:-		
Allowance for doubtful debts	153,000	153,000
Deferred tax liability:-		
Excess of capital allowances over depreciation	(153,000)	(2,000)
Net deferred tax assets	-	151,000

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

	THE GROUP	
	2010 RM	2009 RM
Allowance for doubtful debts	3,441,000	561,000
Unutilised tax losses	556,000	516,000
Unabsorbed capital allowances	621,000	477,000
Excess of capital allowances over depreciation	(937,000)	(1,226,000)
	3,681,000	328,000

11. INVENTORIES HELD FOR RESALE

	THE GROUP	
	2010 RM	2009 RM
At cost:-		
Equipment and parts held for resale	2,965,080	2,331,228

None of the inventories are carried at net realisable value.

12. TRADE RECEIVABLES

	THE GROUP	
	2010 RM	2009 RM
Gross trade receivables	15,653,037	29,861,277
Allowance for doubtful debts:-		
At 1 October 2009/2008	(4,743,877)	(4,182,377)
Addition during the financial year	(2,928,842)	(612,500)
Write-back during the financial year	2,032,023	51,000
At 30 September 2010/2009	(5,640,696)	(4,743,877)
	10,012,341	25,117,400

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

13. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2010 RM	2009 RM
Contract costs incurred to date	50,432,313	24,847,266
Attributable profits	18,990,173	7,762,809
	69,422,486	32,610,075
Progress billings	(75,190,032)	(45,992,152)
Net amount owing to contract customers	(5,767,546)	(13,382,077)
The net amount owing to contract customers comprises the following:-		
Amount owing by contract customers	5,683,362	-
Amount owing to contract customers	(11,450,908)	(13,382,077)
	(5,767,546)	(13,382,077)

14. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	2010 RM	2009 RM
Non-trade balances	16,040,506	16,543,793
Allowance for doubtful debts:-		
At 1 October 2009/2008	(75,497)	-
Addition during the financial year	-	(75,497)
Write-off during the financial year	40,310	-
At 30 September 2010/2009	(35,187)	(75,497)
	16,005,319	16,468,296

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

15. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM8,775,891 (2009 - RM6,671,416) 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 2.57% (2009 - 2.54%) per annum. The maturity periods of the fixed deposits at the balance sheet date ranged from 30 to 365 days (2009 - 30 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

16. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	THE GROUP	
	2010 RM	2009 RM
Freehold condominium, at cost:-		
At 1 October 2009/2008	321,163	-
Transfer from investment properties (Note 9)	-	321,163
At 30 September 2010/2009	321,163	321,163

The carrying amount of the property approximated its fair value.

17. SHARE CAPITAL

	THE COMPANY			
	2010 NUMBER OF SHARES	2009 NUMBER OF SHARES	2010 RM	2009 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

18. 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.

19. 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.

20. TREASURY SHARES

	THE GROUP/THE COMPANY			
	2010 NUMBER OF SHARES	2009 NUMBER OF SHARES	2010 RM	2009 RM
At 1 October 2009/2008	13,574,700	13,526,600	2,013,641	2,009,947
Purchases during the financial year	-	48,100	-	3,694
Distribution of share dividend	(8,900,292)	-	(1,320,250)	-
At 30 September 2010/2009	4,674,408	13,574,700	693,391	2,013,641

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 31 March 2010, renewed their approval of the Company's plan to purchase its own shares under a share buy-back scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

20. TREASURY SHARES (CONT'D)

On 31 March 2010, the Company declared and approved a share dividend in respect of the financial year ended 30 September 2010 via the distribution of 8,900,292 treasury shares on the basis of one treasury share for every twenty existing ordinary shares of RM0.10 each held at the entitlement date of 21 April 2010 (the fractions of treasury shares to be disregarded). The share dividend was distributed on 5 May 2010.

Of the total 191,580,650 (2009 - 191,580,650) issued and fully paid ordinary shares as at 30 September 2010, the number of treasury shares held by the Company amounted to 4,674,408 (2009 - 13,574,700). The number of outstanding ordinary shares in issue after the set-off against the treasury shares as at 30 September 2010 amounted to 186,906,242 (2009 - 178,005,950).

21. 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.

The breakdown of the realised and unrealised profits as at the end of the financial year is as follows:-

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Total retained profits - realised	11,983,346	451,356
Less: Consolidation adjustments	(2,879,469)	-
At 30 September	9,103,877	451,356

The Company did not have any unrealised profits as at the end of the financial year.

22. HIRE PURCHASE PAYABLES

	THE GROUP 2010 RM	2009 RM
Minimum hire purchase payments:		
- not later than one year	482,916	201,801
- later than one year and not later than five years	1,632,666	577,077
	2,115,582	778,878
Future finance charges	(242,062)	(83,452)
Present value of hire purchase payables	1,873,520	695,426
Current:		
- not later than one year	387,625	169,363
Non-current:		
- later than one year and not later than five years	1,485,895	526,063
	1,873,520	695,426

The hire purchase payables at the balance sheet date bore effective interest rates ranging from 4.98% to 7.16% (2009 - 4.54% to 7.16%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

23. 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:-

	2010 RM	2009 RM
Australian Dollar	529,757	4,861
United States Dollar	355,484	52,165
Singapore Dollar	18,853	-
Pound Sterling	-	1,557,625
Euro	-	250,382

24. BANKERS' ACCEPTANCES

The bankers' acceptances bear an effective interest rate of 4% (2009 - 2.95% to 5.60%) 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 an effective interest rate of 7.55% (2009 - 6.55% to 8.50%) 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 RM29,701,802 (2009 - RM26,743,270) divided by the number of ordinary shares in issue (excluding treasury shares) at the balance sheet date of 186,906,242 shares (2009 - 178,005,950 shares).

27. REVENUE

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Contract revenue	61,262,392	31,492,159	-	-
Maintenance income	4,679,943	3,653,284	-	-
Sale of goods	6,107,611	8,489,378	-	-
Rental income	1,216,643	1,069,072	-	-
Dividend income	21,926	-	1,651,737	611,179
	<u>73,288,515</u>	<u>44,703,893</u>	<u>1,651,737</u>	<u>611,179</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

28. PROFIT BEFORE TAXATION

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Allowance for doubtful debts	2,928,842	612,500	-	75,497
Amortisation of prepaid lease payments	10,178	7,641	-	-
Audit fee:				
- for the financial year	67,000	46,600	20,000	12,000
- overprovision in the previous financial year	(800)	(3,100)	-	(2,000)
Bad debts written off	-	4,753	35,187	6,309
Contract expenses	45,348,612	27,397,486	-	-
Depreciation of property, plant and equipment	1,249,999	666,452	-	-
Directors' remuneration:				
- fees	280,000	315,000	130,000	130,000
- non-fee emoluments	2,484,400	883,900	42,400	22,400
- defined contribution plan	173,040	103,380	-	-
Impairment of goodwill	-	20	-	-
Interest expense:				
- bank overdrafts	28,065	174,819	-	-
- bankers' acceptances	8,815	139,591	-	-
- hire purchase	52,285	17,226	-	-
- trust receipts	17,993	20,925	-	-
Inventories written off	246,768	543,921	-	-
Loss on deconsolidation of subsidiaries	-	61,555	1,180	63,253
Rental of equipment	34,395	6,067	-	-
Rental of motor vehicle	4,600	500	-	-
Rental of premises	131,360	64,553	-	-
Staff costs	7,939,521	5,369,785	-	-
Loss on foreign exchange - realised	28,977	33,124	-	-
Write-back of allowance for doubtful debts	(2,032,023)	(51,000)	-	-
Gain on disposal of property, plant and equipment	(321,289)	(264,500)	-	-
Deposit forfeited	(69,082)	-	-	-
Dividend income	(21,926)	-	(1,651,737)	(611,179)
Interest income	(321,537)	(219,132)	-	-
Rental income	(1,222,643)	(1,074,072)	-	-

29. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax:				
- for the financial year	2,968,053	555,686	358,000	28,000
- (over)/underprovision in previous financial years	(170,934)	1,860	69,061	-
	2,797,119	557,546	427,061	28,000
Deferred tax assets (Note 10):				
- relating to origination and reversal of temporary differences	151,000	-	-	-
	2,948,119	557,546	427,061	28,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

29. INCOME TAX EXPENSE (CONT'D)

During the current financial year, the statutory tax rate remained at 25%.

A subsidiary of the Company has been granted the Multimedia Super Corridor Status, which qualifies the subsidiary for the Pioneer Status incentive under the Promotion of Investments Act 1986. The subsidiary will enjoy full exemption from income tax on its statutory income from pioneer activities for ten years from 6 July 2006 to 5 July 2016.

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation	7,241,696	1,189,089	1,299,689	192,713
Tax at the statutory tax rate of 25%	1,810,424	297,272	324,922	48,178
Tax effects of:-				
Non-deductible expenses	470,879	206,062	33,078	-
Deferred tax assets not recognised during the financial year	837,750	121,056	-	-
Utilisation of previously unrecognised deferred tax assets	-	(68,704)	-	(20,178)
(Over)/Underprovision of current tax in previous financial years:	(170,934)	1,860	69,061	-
Income tax for the financial year	2,948,119	557,546	427,061	28,000

30. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is arrived at by dividing the profit attributable to the shareholders of RM4,293,577 (2009 - RM631,543) by the weighted average number of ordinary shares in issue at the balance sheet date of 181,639,220 (2009 - 178,013,715).

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 price is higher than the fair value of the Company's shares.

31. DIVIDENDS

	THE COMPANY	
	2010 RM	2009 RM
In respect of the financial year ended 30 September 2010:		
- Interim dividend of one sen per ordinary share less income tax of 25% on 178,005,950 ordinary shares with voting rights	1,335,045	-
- Share dividend via distribution of 8,900,292 treasury shares on the basis of one treasury share for every twenty existing ordinary shares held	1,320,250	-
	2,655,295	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2010 RM	2009 RM
Cost of property, plant and equipment purchased	3,924,717	1,432,518
Amount financed through hire purchase	(1,409,000)	(698,000)
Cash disbursed for purchase of property, plant and equipment	2,515,717	734,518

33. SUMMARY OF EFFECTS ON DECONSOLIDATION OF SUBSIDIARIES

During the financial year, the Company applied to the Companies Commission of Malaysia to strike off the names of the following subsidiaries from the Register pursuant to Section 308 of the Companies Act 1965:-

- (a) Digistar Engineering Sdn. Bhd.;
- (b) Digistar Media Sdn. Bhd.; and
- (c) Aman Geliga Sdn. Bhd..

In the previous financial year, based on the application of the Company, the Accounting and Corporate Regulatory Authority of the Republic of Singapore struck off the Company's 55%-owned subsidiary, Digilink International Pte. Ltd. from the Register.

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

	2010 RM	2009 RM
Revenue	-	-
Loss for the financial year	(2,139)	(6,309)

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

	THE GROUP	
	2010 RM	2009 RM
Cash and bank balances/Fair value of net assets	1,180	115,005
Minority interests	-	(53,450)
Loss on deconsolidation of subsidiaries	-	(61,555)
Less: Cash and bank balances on deconsolidation of subsidiaries	(1,180)	(115,005)
Net cash outflow on deconsolidation of subsidiaries	-	(115,005)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (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	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks (Note 15)	18,375,580	10,602,302	-	-
Cash and bank balances	157,774	118,106	1,163	4,452
Bank overdrafts (Note 25)	(847,045)	(1,143,028)	-	-
	<u>17,686,309</u>	<u>9,577,380</u>	<u>1,163</u>	<u>4,452</u>

35. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors' remuneration:				
- Fees	200,000	200,000	50,000	50,000
- Non-fee emoluments	2,442,000	861,500	-	-
- Defined contribution plan	173,040	103,380	-	-
	<u>2,815,040</u>	<u>1,164,880</u>	<u>50,000</u>	<u>50,000</u>
Non-executive directors' remuneration:				
- Fees	80,000	115,000	80,000	80,000
- Non-fee emoluments	42,400	22,400	42,400	22,400
	<u>122,400</u>	<u>137,400</u>	<u>122,400</u>	<u>102,400</u>
Total directors' remuneration	<u>2,937,440</u>	<u>1,302,280</u>	<u>172,400</u>	<u>152,400</u>
Directors' fee	280,000	315,000	130,000	130,000
Directors' non-fee emoluments	2,484,400	883,900	42,400	22,400
Defined contribution plan	173,040	103,380	-	-
	<u>2,937,440</u>	<u>1,302,280</u>	<u>172,400</u>	<u>152,400</u>

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' non-fee emoluments and defined contribution pan RM
THE GROUP				
2010				
- Below RM50,000	8	280,000	1	42,400
- RM250,001 to RM300,000	-	-	1	279,200
- RM350,001 to RM400,000	-	-	1	388,960
- RM700,001 to RM750,000	-	-	1	721,120
- RM1,200,000 to RM1,250,000	-	-	1	1,225,760
	<u>8</u>	<u>280,000</u>	<u>5</u>	<u>2,657,440</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

35. DIRECTORS' REMUNERATION (CONT'D)

	Number of Directors	Directors' fee RM	Number of directors	Directors' non-fee emoluments and defined contribution pan RM
THE GROUP (Cont'd)				
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
	<u>9</u>	<u>315,000</u>	<u>5</u>	<u>987,280</u>
THE COMPANY				
2010				
- Below RM50,000	5	130,000	1	42,400
2009				
- Below RM50,000	5	130,000	1	22,400

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.
- (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	
	2010 RM	2009 RM	2010 RM	2009 RM
(i) Subsidiaries				
Dividend income receivable	-	-	1,629,811	611,179
(ii) Directors				
Directors' fee	280,000	315,000	130,000	130,000
(iii) Key management personnel				
Short-term employee benefits	2,657,440	987,280	42,400	22,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

37. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services provided. For each of the business segment, the Group's Managing Director reviews internal management reports at least on a quarterly basis.

The Group is organised into five main business segments as follows:-

- (i) Systems integration segment - involved in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems.
- (ii) Trading segment - involved in the trading of all kinds of specialised electronic and electrical components and products throughout Malaysia.
- (iii) Maintenance segment - involved in providing electronic systems maintenance and support services.
- (iv) Investment holding segment - investment holding.
- (v) Rental segment - involved in renting, maintaining and upkeep of properties and health television operator.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets and liabilities which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items.

BUSINESS SEGMENTS

	SYSTEMS INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	INVESTMENT HOLDING RM	RENTAL RM	ELIMINATION RM	GROUP RM
2010							
THE GROUP							
REVENUE							
External revenue	61,262,393	6,107,611	4,679,943	21,926	1,216,643	-	73,288,515
Intersegment revenue	-	-	-	1,629,811	422,400	(2,052,211)	-
Total revenue	61,262,393	6,107,611	4,679,943	1,651,737	1,639,043	(2,052,211)	73,288,515

RESULTS

Segment results							
(external)	4,003,021	1,233,374	2,641,386	1,287,902	20,080	(1,604,405)	7,581,358
Finance costs	(338,372)	(302)	(275)	(164)	(549)	-	(339,662)
Profit from ordinary activities before taxation							7,241,696
Taxation							(2,948,119)
Profit attributable to shareholders of the Company							4,293,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2010 (Cont'd)

	SYSTEMS INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	INVESTMENT HOLDING RM	RENTAL RM	TOTAL RM
OTHER INFORMATION						
Segment assets	39,640,748	130,122	2,736,247	11,431	10,717,788	53,236,336
Unallocated assets						145,608
						<u>53,381,944</u>
Segment liabilities	20,447,885	-	316,539	130,394	182,119	21,076,937
Unallocated liabilities						2,603,205
						<u>23,680,142</u>
Capital expenditure	1,852,210	-	-	-	4,081,606	5,933,816
Amortisation of prepaid lease payments	-	-	-	-	10,178	10,178
Depreciation	553,128	-	-	-	696,871	1,249,999

2009 THE GROUP	SYSTEMS INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	INVESTMENT HOLDING RM	RENTAL RM	ELIMINATION RM	GROUP RM
REVENUE							
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	<u>31,492,159</u>	<u>8,489,378</u>	<u>3,653,284</u>	<u>611,179</u>	<u>1,491,472</u>	<u>(1,033,579)</u>	<u>44,703,893</u>
RESULTS							
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							<u>(557,546)</u>
Profit attributable to shareholders of the Company							<u>631,543</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2009 (Cont'd)

	SYSTEMS INTEGRATION RM	TRADING RM	MAINTENANCE INCOME RM	INVESTMENT HOLDING RM	RENTAL RM	TOTAL RM
OTHER INFORMATION						
Segment assets	35,757,365	596,230	3,489,989	12,390	7,016,865	46,872,839
Unallocated assets						316,217
						<u>47,189,056</u>
Segment liabilities	19,323,672	-	298,095	156,089	80,834	19,858,690
Unallocated liabilities						587,096
						<u>20,445,786</u>
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

MAJOR CUSTOMERS

The following are revenue by segments from one major customer with total revenue more than 10% of the Group's revenue:-

	THE GROUP	
	2010 RM	2009 RM
System integration segment	34,192,076	2,655,202
Trading segment	5,772,705	7,103,971
Maintenance segment	1,742,543	101,900
	<u>41,707,324</u>	<u>9,861,073</u>

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:-

	2010 RM	2009 RM
Australian Dollar	2.98	3.08
United States Dollar	3.08	3.56
Singapore Dollar	2.34	-
Pound Sterling	-	5.69
Euro	-	5.06

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

39. CAPITAL COMMITMENT

	THE GROUP	
	2010 RM	2009 RM
Approved and contracted for:		
- Property, plant and equipment	2,250,000	-

40. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Unsecured:				
- Guarantees given to financial institutions in respect of facilities extended to a subsidiary	-	-	15,333,635	10,488,581
- Guarantee given to a subsidiary's supplier for credit limit facility	-	-	200,000	-
- Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	-	-	50,000	50,000
	-	-	15,583,635	10,538,581

41. 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 these instruments. 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:-

		THE GROUP		THE COMPANY	
	NOTE	NOMINAL AMOUNT RM	NET FAIR VALUE RM	NOMINAL AMOUNT RM	NET FAIR VALUE RM
At 30.9.2010					
Contingent liabilities	40	-	-	15,583,635	*
At 30.9.2009					
Contingent liabilities	40	-	-	10,538,581	*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010 (CONT'D)

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (i) On 18 June 2010, Digistar Properties Sdn. Bhd. ("DPSB"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement to acquire a piece of leasehold commercial land measuring approximately 573.6575 square metres together with a unit of double storey detached bungalow at a total cash consideration of RM2,900,000.

The acquisition was completed on 17 September 2010.

- (ii) On 5 July 2010, DPSB entered into a Sale and Purchase Agreement to acquire a piece of leasehold land measuring approximately 752.49 square metres at a total cash consideration of RM2,500,000.

The acquisition was completed on 8 October 2010.

- (iii) During the financial year, the Company applied to the Companies Commission of Malaysia to strike off the names of the following subsidiaries from the Register pursuant to Section 308 of the Companies Act 1965:-

- (a) Digistar Engineering Sdn. Bhd.;
- (b) Digistar Media Sdn. Bhd.; and
- (c) Aman Geliga Sdn. Bhd..

ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 8 FEBRUARY 2011

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	%#
Less than 100 shares	25	1,279	0.00
100 to 1,000 shares	48	14,668	0.01
1,001 to 10,000 shares	769	3,502,520	1.83
10,001 to 100,000 shares	1,211	34,960,430	18.26
100,001 to less than 5% of issued shares	223	107,610,112	56.22
5% and above of issued shares	1	45,316,733	23.68
	2,277	191,405,742	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

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

No.	Name	No. of Shares Held	%#
1	Kenangan Lampiran Sdn Bhd	45,316,733	23.68
2	Lee Kok Choong	8,111,210	4.24
3	Datuk Lee Wah Chong	7,801,607	4.08
4	Rozilawati Binti Mustafa	6,631,550	3.47
5	Yau Chwan Kun	6,172,755	3.22
6	Datin Wa Siew Yam	4,633,891	2.42
7	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Yong Chin)	3,667,440	1.92
8	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Kwee Sow Fun)	3,021,000	1.58
9	Gan Wee Peng	2,936,805	1.53
10	Ong Fee Chong	2,520,115	1.32
11	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ding Lian Cheon)	2,100,000	1.10
12	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Loh Teck Wah)	1,690,395	0.88

ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 8 FEBRUARY 2011 (CONT'D)

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

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

No.	Name	No. of Shares Held	% [#]
13	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kwee Sow Fun)	1,568,840	0.82
14	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Cheng Nyoh Moy)	1,522,800	0.80
15	Cia Ching Eiu	1,488,100	0.78
16	Ong Siew Yen	1,444,370	0.75
17	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak)	1,260,000	0.66
18	Lim Han Kong	1,165,000	0.61
19	Chen Swee Ning	1,142,675	0.60
20	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tang Sing Ling)	1,098,600	0.57
21	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd for Teh Kee Hong)	1,050,000	0.55
22	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lee Swee Eng)	987,000	0.51
23	Low Koon Cheng	778,120	0.41
24	Loh Chia Shing	714,000	0.37
25	SJ Sec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kwee Sow Fun)	708,335	0.37
26	Lum Chee Khin	702,555	0.36
27	Loh Chun Lin	630,000	0.33
28	Shirley Jong Suk Jee	621,300	0.32
29	Leong Sia Keong	620,550	0.32
30	Tan Eng Huat	610,000	0.31
Total		112,715,746	58.88

ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 8 FEBRUARY 2011 (CONT'D)

SUBSTANTIAL SHAREHOLDERS (Direct & Indirect) (as per Register of Substantial Shareholders)

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

No.	Shareholder	Direct Interest	%#	Indirect Interest	%#
1	Kenangan Lampiran Sdn Bhd	45,316,733	23.68	-	-
2	Datuk Lee Wah Chong	7,801,607	4.08	45,316,733*	23.68
3	Ong Fee Chong	2,520,115	1.32	45,316,733*	23.68

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

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

Name Of Directors	Direct Interest	%#	Indirect Interest	%#
Datuk Lee Wah Chong	7,801,607	4.08	45,316,733*	23.68
Ong Fee Chong	2,520,115	1.32	45,316,733*	23.68
Datin Wa Siew Yam	4,633,891	2.42	-	-
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 19,158,065 comprising 191,580,650 ordinary shares less 174,908 treasury shares retained by the Company as per Record of Depositors.

ANALYSIS OF WARRANT 2007/2017 HOLDINGS AS AT 8 FEBRUARY 2011

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	43	35,350	0.04
1,001 to 10,000 warrants	470	2,530,500	2.81
10,001 to 100,000 warrants	477	19,208,200	21.33
100,001 to less than 5% of issued warrants	115	41,853,755	46.48
5% and above of issued warrants	2	26,412,400	29.33
	1,109	90,040,325	100.00

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	4,812,400	5.34
3	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Francis Kong @ Kong Fen Shin)	1,758,500	1.95
4	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tang Sing Ling)	1,720,500	1.91
5	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tang Sing Ling)	1,593,400	1.77
6	Tan Eng Huat	1,500,000	1.67
7	Voon Jye Wah	1,376,300	1.53
8	Lim Seng Nip	1,300,000	1.44
9	Datin Wa Siew Yam	1,210,000	1.34
10	Ong Fee Chong	1,200,055	1.33
11	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Wong Chiew Kong)	940,000	1.04
12	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Boon Seng)	866,700	0.96
13	CIMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Cheah Yuet Ching)	845,000	0.94

ANALYSIS OF WARRANT 2007/2017 HOLDINGS AS AT 8 FEBRUARY 2011 (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	%
14	Lee Mee Leng	820,000	0.91
15	Loo Ah Soon	795,000	0.88
16	Liow Lee Eng	760,000	0.85
17	Wong Teck Wu	667,900	0.74
18	JF Apex Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Voon Sze Lin)	624,300	0.70
19	Chong Kok Cha	613,000	0.68
20	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak)	600,000	0.67
21	Chiew Hwa Chong	591,100	0.66
22	Choo Swee Shyang	500,000	0.56
23	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd for Teh Kee Hong)	500,000	0.56
24	Gan Wee Peng	484,900	0.54
25	Koh Thin Min	480,000	0.53
26	Lau Yoke Lan	475,400	0.53
27	Heng Nee Nee @ Heng Ah Ni	454,000	0.51
28	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lau Ngie Tiong)	450,000	0.50
29	Thong Kam Weng	442,000	0.49
30	Hoo Choon Soon	434,800	0.48
Total		50,415,255	56.00

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

Name of Directors	Direct Interests	%	Indirect Interests	%
Datuk Lee Wah Chong	4,812,400	5.34	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 2010

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
Lot 4.119, 4th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur.	An intermediate office lot in a 9-storey shopping-cum-office block/ Office unit	366	Freehold	32 years	55,443	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	15 years	397,280	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	15 years	450,069	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	15 years	321,690	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	15 years	336,073	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	15 years	304,981	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	15 years	318,866	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	15 years	342,334	2002

LIST OF PROPERTIES

AT 30 SEPTEMBER 2010 (CONT'D)

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
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	15 years	493,318	2003
No. 3, Jalan TU-3, Taman Tasik Utama, Ayer Keroh, 75450 Melaka.	Double-storey shophouse	Build-up area: 2,860 Land area: 1,540	Leasehold for 99 years expiring on 29/03/2097	10 years	158,689	2002
Lot 165, Mukim Kuala Kuantan, Pahang.	Land (vacant bungalow lot)	15289*	Leasehold for 99 years expiring on 10/09/2092	N/A	178,885	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	17 years	1,122,548	2005
500, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000, Salangor.	Double-storey Commercial Building	Build-up area: 8,938 Land area: 6,175	Leasehold for 99 years expiring on 02/02/1976	18 years	2,988,103	2010

**DIGISTAR CORPORATION BERHAD**

(603652-K)
(Incorporated in Malaysia)

FORM OF PROXY**CDS Account No. ⁽ⁱ⁾****No. of Shares held**

*I/WeNRIC No./Company No.....
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

being a member/members of DIGISTAR CORPORATION BERHAD (603652-K), hereby appoint

....., NRIC No.
(FULL NAME IN BLOCK CAPITALS)

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 Eighth Annual General Meeting of the Company to be held at Embassy 2, Level 6, D-Villa Residence, No. 225, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 22 March 2011 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		
Special Resolution 1		

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

(i) Applicable to shares held through a nominee account.

* Delete where applicable

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

Signed this day of 2011

	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

FOLD HERE

Affix
stamp



DIGISTAR CORPORATION BERHAD

SHARE REGISTRAR
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

FOLD HERE
