

# REPORTS AND FINANCIAL STATEMENTS

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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 2016.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	6,451,060	(443,022)
Attributable to:-		
Owners of the Company	13,012,355	(443,022)
Non-controlling interest	(6,561,295)	-
	<b>6,451,060</b>	<b>(443,022)</b>

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised share capital;
- (b) the Company increased its issued and paid-up share capital from RM46,341,282 to RM50,901,795 by way of:-
  - (i) the issuance of 45,604,000 new ordinary shares of RM0.10 each at an issue price of RM0.143 per share for the purpose of working capital. The shares were issued for cash consideration and
  - (ii) the issuance of 1,131 new ordinary shares of RM0.10 each from the exercise of Warrants 2007/2017 at the exercise price of RM0.13 each in accordance with the Deed Poll dated 5 December 2006. The shares were issued for cash consideration.

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

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



## TREASURY SHARES

During the financial year, the Company held as treasury shares a total of 7,372,808 of its 509,017,949 issued and fully paid-up ordinary shares, at a carrying amount of RM3,248,747. None of the treasury shares held were cancelled or resold during the financial year.

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

## WARRANTS 2007/2017

At the end of the reporting period, the Company had 101,798,054 Warrants 2007/2017 in issue. The salient features of Warrants 2007/2017 as constituted in the Deed Poll dated 5 December 2006 are as follows:-

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

1,131 of the Warrants 2007/2017 in issue were exercised during the financial year.

## WARRANTS 2013/2023

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

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

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

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

## CURRENT ASSETS

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

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



**VALUATION METHODS**

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

**CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities of the Company are disclosed in Note 45 to the financial statements. At the date of this report, there does not exist:-

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

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

**CHANGE OF CIRCUMSTANCES**

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

**ITEMS OF AN UNUSUAL NATURE**

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

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

**DIRECTORS**

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

MEJAR (K) DATUK WIRA LEE WAH CHONG  
DATO' HAJI ISHAK BIN HAJI MOHAMED  
LEE MELY  
TAN SRI DATUK MOHD ZAMAN KHAN @ HASSAN B RAHIM KHAN  
LEE JIN JEAN  
LEE CHUN SZEN  
THEE KOK CHUAN (APPOINTED ON 26 MAY 2016)  
SEE TAI SOON (RESIGNED ON 26 MAY 2016)

## 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 1.10.2015	Bought	Sold	At 30.9.2016
Direct Interests				
MEJAR (K) DATUK WIRA LEE WAH CHONG	43,579,349	5,115,200	-	48,694,549
LEE JIN JEAN	328,571	-	-	328,571
LEE CHUN SZEN	328,571	-	-	328,571
Indirect Interest				
MEJAR (K) DATUK WIRA LEE WAH CHONG <sup>(1), (2)</sup>	70,871,731	-	(3,352,000)	67,519,731

	Number Of Warrants 2013/2023			
	At 1.10.2015	Allotted	Sold	At 30.9.2016
Direct Interest				
MEJAR (K) DATUK WIRA LEE WAH CHONG	4,783,981	-	-	4,783,981
Indirect Interest				
MEJAR (K) DATUK WIRA LEE WAH CHONG <sup>(1), (2)</sup>	13,605,186	-	-	13,605,186

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

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

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

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

## DIRECTORS' BENEFITS

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

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



**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 47 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 18 January 2017

**Mejar (K) Datuk Wira Lee Wah Chong**

**Lee Mely**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Mejar (K) Datuk Wira Lee Wah Chong and Lee Mely, being two of the directors of Digistar Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 57 to 135 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 48, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 18 January 2017

**Mejar (K) Datuk Wira Lee Wah Chong**

**Lee Mely**

# STATUTORY DECLARATION

## PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Koh Yong Kun I/C No. 691003-10-6237, being the officer primarily responsible for the financial management of Digistar Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 136 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  
Koh Yong Kun, I/C No. 691003-10-6237  
at Kuala Lumpur in the Federal Territory on this 18 January 2017

**Koh Yong Kun**

Before me  
**Chang Kem Soo (No. W506)**



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (INCORPORATED IN MALAYSIA) COMPANY NO: 603652 - K

## Report on the Financial Statements

We have audited the financial statements of Digistar Corporation Berhad, which comprise the statements of financial position as at 30 September 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 135.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD

(INCORPORATED IN MALAYSIA) COMPANY NO: 603652 - K

## Other Reporting Responsibilities

The supplementary information set out in Note 48 on page 136 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

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

### Crowe Horwath

Firm No: AF 1018  
Chartered Accountants  
18 January 2017

Kuala Lumpur

### Chua Wai Hong

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



# STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016

	Note	The Group		The Company	
		2016	2015	2016	2015
		RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	35,140,331	34,890,333
Investment in an associate	6	288,848	660,019	-	-
Property, plant and equipment	7	9,441,671	8,805,503	-	-
Investment property	8	19,352,659	10,788,247	-	-
Goodwill	9	-	-	-	-
Intangible assets	10	3,253,007	4,020,495	-	-
Trade receivables	11	177,621,979	-	-	-
Deferred tax assets	12	313,000	477,766	-	-
		210,271,164	24,752,030	35,140,331	34,890,333
CURRENT ASSETS					
Inventories held for resale	13	63,870,936	59,507,580	-	-
Property development costs	14	-	-	-	-
Accrued billings	14	-	-	-	-
Trade receivables	11	60,229,954	20,944,495	-	-
Other receivables, deposits and prepayments	15	15,097,822	12,613,309	61,504	54,546
Amounts owing by contract customers	16	864,151	120,746,196	-	-
Amounts owing by subsidiaries	17	-	-	225,751,390	113,795,659
Amount owing by an associate	18	2,068,221	1,668,221	-	-
Current tax assets		1,215,068	849,625	109,300	109,300
Fixed deposits with licensed banks	19	25,792,808	123,926,311	-	-
Cash and bank balances		44,100,760	22,226,156	359,923	480,602
		213,239,720	362,481,893	226,282,117	114,440,107
TOTAL ASSETS		423,510,884	387,233,923	261,422,448	149,330,440

# STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016

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DIGISTAR CORPORATION BERHAD (603652-K)  
Annual Report 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	20	50,901,795	46,341,282	50,901,795	46,341,282
Treasury shares	21	(3,248,747)	(3,248,747)	(3,248,747)	(3,248,747)
Reserves	22	38,343,152	23,243,589	44,631,653	43,178,881
<b>TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>		<b>85,996,200</b>	<b>66,336,124</b>	<b>92,284,701</b>	<b>86,271,416</b>
Non-controlling interest		(21,766,395)	(15,013,686)	-	-
<b>TOTAL EQUITY</b>		<b>64,229,805</b>	<b>51,322,438</b>	<b>92,284,701</b>	<b>86,271,416</b>
<b>NON-CURRENT LIABILITY</b>					
Hire purchase payables	23	1,078,277	1,479,301	-	-
Bonds	24	270,938,893	262,662,349	-	-
Term loan	25	17,582,447	14,029,558	-	-
Deferred tax liabilities	12	1,600,139	710,139	-	-
		<b>291,199,756</b>	<b>278,881,347</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	26	34,348,641	25,161,890	-	-
Other payables, deposits received and accruals	27	12,985,267	22,607,927	124,611	89,511
Amounts owing to contract customers	16	2,230,565	6,820,716	-	-
Amounts owing to subsidiaries	17	-	-	168,999,783	62,956,160
Amount owing to a related party	28	13,353	13,353	13,353	13,353
Amount owing to a director	29	142,200	-	-	-
Current tax liabilities		1,482,959	606,699	-	-
Hire purchase payables	23	602,281	621,150	-	-
Term loan	25	169,091	-	-	-
Bankers' acceptances	30	5,758,000	-	-	-
Bank overdrafts	31	10,348,966	1,198,403	-	-
		<b>68,081,323</b>	<b>57,030,138</b>	<b>169,137,747</b>	<b>63,059,024</b>
<b>TOTAL LIABILITIES</b>		<b>359,281,079</b>	<b>335,911,485</b>	<b>169,137,747</b>	<b>63,059,024</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>423,510,884</b>	<b>387,233,923</b>	<b>261,422,448</b>	<b>149,330,440</b>
<b>NET ASSETS PER ORDINARY SHARE</b>	32	<b>17 sen</b>	<b>15 sen</b>		

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



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
REVENUE	33	167,269,320	133,922,841	-	-
COST OF SALES		(112,512,398)	(117,882,007)	-	-
GROSS PROFIT		54,756,922	16,040,834	-	-
OTHER INCOME		6,290,197	20,797,902	-	256,404
		61,047,119	36,838,736	-	256,404
ADMINISTRATIVE EXPENSES		(23,107,214)	(29,248,616)	(442,763)	(531,479)
MARKETING EXPENSES		(1,977,298)	(2,249,017)	-	-
OTHER EXPENSES		(8,160,375)	(10,854,379)	-	-
FINANCE COSTS		(18,302,272)	(19,349,837)	(259)	(270)
		(51,547,159)	(61,701,849)	(443,022)	(531,749)
SHARE OF RESULT IN ASSOCIATE		(371,171)	398,883	-	-
PROFIT/(LOSS) BEFORE TAXATION	34	9,128,789	(24,464,230)	(443,022)	(275,345)
INCOME TAX EXPENSE	35	(2,677,729)	(1,308,370)	-	-
PROFIT/(LOSS) AFTER TAXATION		6,451,060	(25,772,600)	(443,022)	(275,345)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		6,451,060	(25,772,600)	(443,022)	(275,345)

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Note	The Group		The Company	
		2016	2015	2016	2015
		RM	RM	RM	RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		13,012,355	(16,756,307)	(443,022)	(275,345)
Non-controlling interest		(6,561,295)	(9,016,293)	-	-
		<u>6,451,060</u>	<u>(25,772,600)</u>	<u>(443,022)</u>	<u>(275,345)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		13,012,355	(16,756,307)	(443,022)	(275,345)
Non-controlling interest		(6,561,295)	(9,016,293)	-	-
		<u>6,451,060</u>	<u>(25,772,600)</u>	<u>(443,022)</u>	<u>(275,345)</u>
Earnings/(Loss) per ordinary share	36				
- basic		2.71 sen	(3.71) sen		
- diluted		<u>2.57 sen</u>	<u>(3.39) sen</u>		



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

The Group	Note	Non-Distributable Reserve				Distributable Reserve		Non-controlling Interest	Total Equity
		Share Capital	Share Premium	Warrants Reserve	Treasury Shares	Retained Profits	Total		
		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.10.2014		42,190,918	24,347,220	6,507,551	(3,248,747)	4,866,674	74,663,616	(6,054,965)	68,608,651
Contributions by owners of the Company:									
- Issuance of shares	20 & 22(a)	4,145,364	4,974,436	-	-	-	9,119,800	-	9,119,800
- Issuance of shares upon exercise of warrants		5,000	1,747	(247)	-	-	6,500	-	6,500
- Share issuance expenses	22(a)	-	(98,280)	-	-	-	(98,280)	-	(98,280)
- Acquisition of a subsidiary	36	-	-	-	-	-	-	58,367	58,367
- Acquisition of additional shares in a subsidiary from non-controlling interests		-	-	-	-	(599,205)	(599,205)	(795)	(600,000)
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(16,756,307)	(16,756,307)	(9,016,293)	(25,772,600)
Balance at 30.9.2015/1.10.2015		46,341,282	29,225,123	6,507,304	(3,248,747)	(12,488,838)	66,336,124	(15,013,686)	51,322,438
Contributions by owners of the Company:									
- Issuance of shares	20 & 22(a)	4,560,400	1,960,972	-	-	-	6,521,372	-	6,521,372
- Issuance of shares upon exercise of warrants		113	44	(10)	-	-	147	-	147
- Share issuance expenses	22(a)	-	(65,212)	-	-	-	(65,212)	-	(65,212)
- Acquisition of additional shares in a subsidiary from non-controlling interests		-	-	-	-	191,414	191,414	(191,414)	-
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	13,012,355	13,012,355	(6,561,295)	6,451,060
Balance at 30.9.2016		50,901,795	31,120,927	6,507,294	(3,248,747)	714,931	85,996,200	(21,766,395)	64,229,805

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

The Company	Note	Non-Distributable Reserve				Distributable Reserve		Total	RM
		Share Capital	Share Premium	Warrants Reserve	Treasury Shares	Retained Profits			
Contributions by owners of the Company:									
Balance at 1.10.2014		42,190,918	24,347,220	6,507,551	(3,248,747)	7,721,799			77,518,741
- Issuance of shares	20 & 22(a)	4,145,364	4,974,436	-	-	-			9,119,800
- Issuance of share upon exercise of warrants		5,000	1,747	(247)	-	-			6,500
- Share issuance expenses	22(a)	-	(98,280)	-	-	-			(98,280)
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(275,345)			(275,345)
Contributions by owners of the Company:									
Balance at 30.9.2015/1.10.2015		46,341,282	29,225,123	6,507,304	(3,248,747)	7,446,454			86,271,416
- Issuance of shares	20 & 22(a)	4,560,400	1,960,972	-	-	-			6,521,372
- Issuance of share upon exercise of warrants		113	44	(10)	-	-			147
- Share issuance expenses	22(a)	-	(65,212)	-	-	-			(65,212)
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(443,022)			(443,022)
Balance at 30.9.2016		50,901,795	31,120,927	6,507,294	(3,248,747)	7,003,432			92,284,701

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FOR OPERATING ACTIVITIES					
Profit/(Loss) before taxation		9,128,789	(24,464,230)	(443,022)	(275,345)
Adjustments for:-					
Amortisation of intangible asset		454,881	450,914	-	-
Amortisation of investment properties		172,397	156,841	-	-
Depreciation of property, plant and equipment		2,042,157	1,911,285	-	-
Impairment losses on:					
- receivables		3,920,592	4,807,829	-	-
- goodwill		-	1,514,295	-	-
Interest expense		17,935,253	18,046,694	-	-
Goodwill written off		-	197,168	-	-
Intangible assets written off		312,607	530,992	-	-
Property, plant and equipment written off		64,555	11,250	-	-
Accretion of payables		-	565,956	-	-
Accretion of receivables		(12,607)	(431,587)	-	-
Loss on foreign currency exchange - unrealised		270,005	-	-	-
Gain on disposal of property, plant and equipment		(210,079)	(84,311)	-	-
Interest income		(2,352,910)	(7,733,213)	-	-
Share of results from an associate		371,171	(398,883)	-	-
Write-back of impairment losses on					
- receivables		(3,332,898)	(1,675,710)	-	-
- subsidiaries		-	-	-	(180,907)
Operating profit/(loss) before working capital changes		28,763,913	(6,594,710)	(443,022)	(456,252)
Increase in inventories		(5,806,062)	(56,118,940)	-	-
Increase in property development costs		-	37,567,410	-	-
Net increase/(decrease) in amount owing to contract customers		115,291,894	(85,309,628)	-	-
Decrease/(Increase) in trade and other receivables		(219,967,038)	(3,774,458)	17,806	(45,802)
(Decrease)/Increase in trade and other payables		(705,914)	25,036,360	19,789	3,721
Increase in progress billings		-	2,889,204	-	-
CASH FLOWS FOR OPERATIONS		(82,423,207)	(86,304,762)	(405,427)	(498,333)
Interest paid		(9,658,709)	(14,479,206)	-	-
Tax paid		(1,112,146)	(2,550,191)	-	-
NET CASH FOR OPERATING ACTIVITIES		(93,194,062)	(103,334,159)	(405,427)	(498,333)

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Subscription of additional investment in a subsidiary		-	-	(249,998)	-
Net cash outflow for acquisition of subsidiaries	37	-	(235,585)	-	(200,002)
Interest received		2,352,910	7,733,213	-	-
Purchase of investment properties	38	(4,501,809)	(649,939)	-	-
Purchase of property, plant and equipment	38	(1,303,019)	(1,869,269)	-	-
Purchase of investment in associate		-	(290,000)	-	-
Proceeds from disposal of property, plant and equipment		212,924	207,119	-	-
Advances to associate		(400,000)	(1,639,357)	-	-
Advances to subsidiaries		-	-	(36,676,551)	(49,881,357)
Acquisition of additional shares in a subsidiary from non-controlling interests		-	(600,000)	-	-
Changing of deposit with maturity period more than three months to less than three months	39	10,057,147	57,382,569	-	-
Net placement/(withdrawal) of fixed deposit pledged with licensed bank	39	16,554,941	(16,593,182)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		22,973,094	43,445,569	(36,926,549)	(50,081,359)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		6,521,372	9,119,800	6,521,372	9,119,800
Drawdown of term loans		-	25,500,000	-	-
Repayment of term loans		(513,020)	(11,573,567)	-	-
Net repayment of hire purchase obligations		(419,893)	(779,511)	-	-
Advances from subsidiaries		-	-	30,764,443	41,627,605
Advances from a director		142,200	-	-	-
Repayment to related parties		-	(1,115,159)	(13,353)	-
Share issuance expenses		(65,212)	(98,280)	(65,212)	(98,280)
Net drawdown/(repayment) of bills payable		5,758,000	(6,086,000)	-	-
Proceeds from issuance of shares upon exercise of warrant		147	6,500	4,047	6,500
NET CASH FROM FINANCING ACTIVITIES		11,423,594	14,973,783	37,211,297	50,655,625
NET INCREASE IN CASH AND CASH EQUIVALENTS		(58,797,374)	(44,914,807)	(120,679)	75,933
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		92,549,168	137,463,975	480,602	404,669
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39	33,751,794	92,549,168	359,923	480,602

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 1. GENERAL INFORMATION

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

Registered office	: Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	: B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 January 2017.

### 2. PRINCIPAL ACTIVITIES

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

### 3. BASIS OF PREPARATION

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

- 3.1 No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group during the current financial year.
- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
FRS 14 Regulatory Deferral Accounts	1 January 2016
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018*
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

3.2 FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
Annual Improvements to FRS Standards 2014 – 2016 Cycles:	
• Amendments to FRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to FRS Standards 2014 – 2016 Cycles:	
• Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
* Entities that meet the specific criteria in FRS 4.20B may choose to defer the application of FRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.	

As disclosed in Note 3.3 to the financial statements, the Group will be applying the Malaysian Financial Reporting Standards Framework for the annual period beginning on or after 1 October 2018. Therefore, the FRSs which are effective for annual periods beginning on or after 1 January 2018 above will not be applicable to the Group. The adoption of the other accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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

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

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

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The estimates for the residual values, useful lives and related depreciation charges for the property 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 values of its property and equipment will be insignificant. As a result, 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.



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

##### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

###### (b) Income Taxes

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

###### (c) Impairment of Non-financial Assets

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

###### (d) Construction Contracts

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

###### (i) Contract Revenue

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

###### (ii) Contract Costs

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

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

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

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

###### (f) Impairment of Trade and Other Receivables

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

##### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

###### (g) Write-down of Inventories

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

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

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

###### (i) Classification of Leasehold Land

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

###### (j) Property Development

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

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

##### 4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

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

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



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

##### 4.2 BASIS OF CONSOLIDATION (CONT'D)

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

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

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

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

##### Business combinations from 1 October 2011 onwards

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

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

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

##### Business combinations before 1 October 2011

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

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

##### 4.3 GOODWILL

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

##### Business combinations from 1 October 2011 onwards

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

##### 4.3 GOODWILL (CONT'D)

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

##### Business combinations before 1 October 2011

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

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

##### Interests in Associates

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

##### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

###### (a) Functional and Presentation Currency

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

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

###### (b) Transactions and Balances

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

##### 4.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in FRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

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

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



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

##### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

###### (a) Financial Assets

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

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

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

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

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

###### (ii) Held-to-maturity Investments

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

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

###### (iii) Loans and Receivables Financial Assets

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

###### (iv) Available-for-sale Financial Assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

##### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

###### (a) Financial Assets (Cont'd)

###### (iv) Available-for-sale Financial Assets (Cont'd)

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

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

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

###### (b) Financial Liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

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

###### (ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

###### (c) Equity Instruments

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

###### (i) Ordinary Shares

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

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

###### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.



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

##### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

###### (c) Equity Instruments (Cont'd)

###### (iii) Warrants

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon exercise of the warrants and the warrant reserve in relation to the unexercised at the expiry of the warrants period will be transferred to retained earnings.

###### (d) Derecognition

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

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

##### 4.6 INVESTMENTS IN SUBSIDIARIES

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

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

##### 4.7 INVESTMENTS IN ASSOCIATES

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 September 2016. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

#### 4.8 PROPERTY, PLANT AND EQUIPMENT

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

Freehold land is stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is not depreciated. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

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

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

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

#### 4.9 IMPAIRMENT

##### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



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

##### 4.9 IMPAIRMENT (CONT'D)

###### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

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

##### 4.10 LEASED ASSETS

###### (a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

###### (b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

##### 4.11 INVESTMENT PROPERTIES

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

##### 4.11 INVESTMENT PROPERTIES (CONT'D)

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

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

##### 4.12 INTANGIBLE ASSETS

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

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

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

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

##### 4.13 INVENTORIES

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

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

##### 4.14 PROPERTY DEVELOPMENT COSTS

###### (a) Non-current Property Development

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

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

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

###### (b) Current Property Development

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



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

##### 4.14 PROPERTY DEVELOPMENT COSTS (CONT'D)

###### (b) Current Property Development (Cont'd)

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

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

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

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

##### 4.15 PROGRESS BILLINGS/ACCRUED BILLINGS

In respect of progress billings:-

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

##### 4.16 AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

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

##### 4.17 BORROWING COSTS

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

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

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

##### 4.18 INCOME TAXES

###### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

##### 4.18 INCOME TAXES (CONT'D)

###### (b) Deferred Tax

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against 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.

###### (c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

##### 4.19 CASH AND CASH EQUIVALENTS

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

##### 4.20 EMPLOYEE BENEFITS

###### (a) Short-term Benefits

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



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

##### 4.20 EMPLOYEE BENEFITS (CONT'D)

###### (b) Defined Contribution Plans

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

##### 4.21 RELATED PARTIES

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

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

##### 4.22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

##### 4.23 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

##### 4.24 CONCESSION ARRANGEMENT

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

##### 4.25 REVENUE RECOGNITION

###### (a) Contract Revenue

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

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

###### (b) Sale of Goods and Services

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

###### (c) Rental Income

Rental income is recognised on an accrual basis.

###### (d) Interest Income

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



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

##### 4.25 REVENUE RECOGNITION (CONT'D)

###### (e) Dividend Income

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

###### (f) Annual Lease Payment Fee Received

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

###### (g) Government Grants

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

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

##### 4.26 OPERATING SEGMENTS

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

##### 4.27 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

##### 4.28 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016 RM	2015 RM
Unquoted shares, at cost		
At 1 October 2015/2014	36,473,742	36,273,740
Addition	249,998	-
Acquisition	-	200,002
At 30 September 2016/2015	36,723,740	36,473,742
Accumulated impairment losses:-		
At 1 October 2015/2014	(1,583,409)	(1,583,409)
Addition during the financial year	-	-
At 30 September 2016/2015	(1,583,409)	(1,583,409)
	35,140,331	34,890,333

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

Name of Company	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
Digistar Holdings Sdn. Bhd.	Malaysia	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. *	Malaysia	100%	100%	Renting, maintaining and upkeep of properties.
Digistar Rauland MSC Sdn. Bhd.	Malaysia	80%	80%	Health television operator.
Rauland Asia Sdn. Bhd.	Malaysia	100%	100%	Designing, supplying, installation and integration of security monitoring systems.
Nielsen Ward Sdn. Bhd.	Malaysia	100%	100%	Ceased operations.
Seni Pujaan Sdn. Bhd.	Malaysia	100%	100%	Property development and hotel operator.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

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

Name of Company	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
Matang Makmur Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Indera Persada Sdn. Bhd. ^ @	Malaysia	40%	40%	Undertake the construction and provide asset management services for the concession asset.
Digistar Construction (M) Sdn. Bhd.	Malaysia	100%	100%	Construction.
Protecs A&A CMS Sdn. Bhd. *	Malaysia	96%	80%	Central monitoring security services and trading of security equipment.
Sakura Management Sdn. Bhd.	Malaysia	100%	100%	Property management
Mulia Optima Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Wemal-Maxi Protect Sdn. Bhd. *	Malaysia	51%	51%	Provision of security central monitoring services.

\* Subsidiary held through Digistar Holdings Sdn. Bhd.

^ Subsidiary held through Matang Makmur Holdings Sdn. Bhd.

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

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

	Effective Equity Interest		The Group	
	2016	2015	2016	2015
	%	%	RM	RM
Indera Persada Sdn. Bhd.	60	60	(21,092,678)	(14,436,525)
Other individually immaterial subsidiaries			(673,717)	(577,161)
			<u>(21,766,395)</u>	<u>(15,013,686)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

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

	Indera Persada Sdn. Bhd.	
	2016	2015
	RM	RM
<u>At 30 September 2016/2015</u>		
Current assets	297,953,980	286,888,161
Non-current liabilities	(276,582,868)	(267,416,324)
Current liabilities	(56,525,576)	(43,532,712)
Net liabilities	(35,154,464)	(24,060,875)
<u>Financial year ended 30 September 2016/2015</u>		
Revenue	118,159,685	84,219,116
Loss for the financial year	(11,093,589)	(15,314,578)
Total comprehensive expenses	(11,093,589)	(15,314,578)
Total comprehensive expenses attributable to non-controlling interests	(6,656,153)	(9,188,747)
Net cash flows for operating activities	(68,534,847)	(141,741,678)
Net cash flows from investing activities	12,591,555	63,068,835
Net cash flows from financing activities	13,115,074	41,332,593

### 6. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 October 2015/2014	290,000	-	-	-
Addition	-	290,000	-	-
At 30 September 2016/2015	290,000	290,000	-	-
Share of post-acquisition (loss)/profit	(1,152)	370,019	-	-
	288,848	660,019	-	-

The details of the associate are as follows:-

Name of Company	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
Tiara Vision Sdn. Bhd.	Malaysia	30%	30%	Selling and installing electronics and broadcasting equipment.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 6. INVESTMENT IN ASSOCIATE (CONT'D)

- (a) The Group recognised its share of results in Tiara Vision Sdn. Bhd. based on the unaudited financial statements drawn up to the financial year ended 30 September 2016.
- (b) The summarised unaudited financial information (after any fair value adjustment at acquisition date and the alignment of the Group's accounting policies) for the associate that is material to the Group is as follows:-

	Tiara Vision Sdn. Bhd.	
	2016	2015
	RM	RM
<u>At 30 September 2016/2015</u>		
Non-current assets	60,784	75,628
Current assets	3,781,508	4,324,583
Current liabilities	(3,222,398)	(2,543,082)
Net assets	619,894	1,857,129
<u>Financial year ended 30 September 2016/2015</u>		
Revenue	3,977,786	6,274,590
(Loss)/Profit for the financial year	(1,237,235)	1,329,611
Total comprehensive (expenses)/income	(1,237,235)	1,329,611
Group's share of result for the financial year	(371,171)	398,883
Group's share of other comprehensive income	-	-
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets above	185,968	557,139
Goodwill	131,744	131,744
Elimination of unrealised profits	(28,864)	(28,864)
Carrying amount of the Group's interests in this associate	288,848	660,019

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2015		Additions		Reclassification		Transfer from (Note 13)		Disposal		Writeoffs		Depreciation Charge		At 30.9.2016	
	RM		RM		RM		RM		RM		RM		RM		RM	
<b>Net Book Value</b>																
Office lot, shophouse and office units	3,053,243		-		-		-		-		-		(82,698)		2,970,545	
Computers and printers	868,808		530,889		-		-		-		(2,663)		(410,415)		986,619	
Site office cabins, plant and machinery, furniture and fittings	312,468		206,834		-		-		-		(1,767)		(116,349)		401,186	
Office equipment and renovation	1,476,256		411,421		404,404		-		-		(60,125)		(595,384)		1,636,572	
Motor vehicles	2,839,999		4,200		-		-		(2,845)		-		(837,311)		2,004,043	
Building	-		-		-		1,442,706		-		-		-		1,442,706	
Capital work-in-progress	254,729		149,675		(404,404)		-		-		-		-		-	
	8,805,503		1,303,019		-		1,442,706		(2,845)		(64,555)		(2,042,157)		9,441,671	



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

The Group	At 1.10.2014	Reclassification		Acquisition of		Disposal	Writeoffs	Depreciation	At 30.9.2015
	RM	(Note 9)	Additions	Assets (Note 37)	Charge				
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Net Book Value</b>									
Office lot, shophouse and office units	3,090,941	45,000	-	-	-	-	-	(82,698)	3,053,243
Computers and printers	724,598	-	470,927	240	-	-	-	(326,957)	868,808
Site office cabins, plant and machinery, furniture and fittings	153,017	-	235,451	7,096	-	-	-	(83,096)	312,468
Office equipment and renovation	1,440,680	-	569,876	8,800	-	-	(5,333)	(537,767)	1,476,256
Motor vehicles	2,681,188	-	1,162,386	-	(122,808)	-	-	(880,767)	2,839,999
Capital work-in-progress	5,917	-	254,729	-	-	-	(5,917)	-	254,729
	8,096,341	45,000	2,693,369	16,136	(122,808)	(11,250)	(1,911,285)		8,805,503

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

	At Cost	Accumulated Impairment	Accumulated Depreciation	Net Book Value
	RM	RM	RM	RM
The Group				
At 30 September 2016				
Office lot, shophouse and office units	4,179,894	-	(1,209,349)	2,970,545
Computers and printers	2,817,208	-	(1,830,589)	986,619
Site office cabins, plant and machinery, furniture and fittings	1,094,955	-	(693,769)	401,186
Office equipment and renovation	8,808,043	(865,346)	(6,306,125)	1,636,572
Motor vehicles	4,851,895	-	(2,847,852)	2,004,043
Building	1,442,706	-	-	1,442,706
Capital work-in-progress	998,920	(998,920)	-	-
	<u>24,193,621</u>	<u>(1,864,266)</u>	<u>(12,887,684)</u>	<u>9,441,671</u>
At 30 September 2015				
Office lot, shophouse and office units	4,179,894	-	(1,126,651)	3,053,243
Computers and printers	2,336,771	-	(1,467,963)	868,808
Site office cabins, plant and machinery, furniture and fittings	962,164	-	(649,696)	312,468
Office equipment and renovation	8,521,076	(865,346)	(6,179,474)	1,476,256
Motor vehicles	5,018,405	-	(2,178,406)	2,839,999
Capital work-in-progress	1,253,649	(998,920)	-	254,729
	<u>22,271,959</u>	<u>(1,864,266)</u>	<u>(11,602,190)</u>	<u>8,805,503</u>

Included in property, plant and equipment of the Group are motor vehicles with a total net book value of RM1,538,889 (2015 - RM2,245,813) acquired under hire purchase terms.

Certain property, plant and equipment of the Group with a total net book value of RM2,570,062 (2015 - RM2,690,060) were pledged as security for banking facilities granted to the Group.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 8. INVESTMENT PROPERTY

The Group	Leasehold Land RM	Freehold Land RM	Leasehold Building RM	Freehold Building RM	Car Park RM	Total RM
2016						
At Cost:-						
At 1 October 2015	6,366,463	-	2,293,932	385,000	2,563,048	11,608,443
Addition	-	8,736,809	-	-	-	8,736,809
At 30 September 2016	6,366,463	8,736,809	2,293,932	385,000	2,563,048	20,345,252
Accumulated Amortisation:-						
At 1 October 2015	(465,449)	-	(318,164)	(17,324)	(19,259)	(820,196)
Amortisation	(89,933)	-	(45,875)	(7,700)	(28,889)	(172,397)
At 30 September 2016	(555,382)	-	(364,039)	(25,024)	(48,148)	(992,593)
Carrying Amounts:-						
At 30 September 2016	5,811,081	8,736,809	1,929,893	359,976	2,514,900	19,352,659
Market Values:-						
At 30 September 2016	6,200,992	8,779,915	2,543,427	528,120	2,647,788	20,700,242

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 8. INVESTMENT PROPERTY (CONT'D)

The Group	Leasehold Land RM	Leasehold Building RM	Freehold Building RM	Capital work-in progress RM	Car Park RM	Total RM
2015						
At Cost:-						
At 1 October 2014	6,366,463	2,025,866	385,000	2,226,175	-	11,003,504
Addition	-	313,066	-	336,873	-	649,939
Reclassification (Note 7)	-	(45,000)	-	(2,563,048)	2,563,048	(45,000)
At 30 September 2015	6,366,463	2,293,932	385,000	-	2,563,048	11,608,443
Accumulated Amortisation:-						
At 1 October 2014	(377,150)	(276,581)	(9,624)	-	-	(663,355)
Amortisation	(88,299)	(41,583)	(7,700)	-	(19,259)	(156,841)
At 30 September 2015	(465,449)	(318,164)	(17,324)	-	(19,259)	(820,196)
Carrying Amounts:-						
At 30 September 2015	5,901,014	1,975,768	367,676	-	2,543,789	10,788,247
Market Values:-						
At 30 September 2015	7,639,910	2,339,415	486,000	N/A	2,629,371	13,094,696

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

	2016 RM	2015 RM
Leasehold building	1,515,752	1,552,248
Leasehold land	4,507,556	4,582,153
Freehold land	8,736,809	-
	14,760,117	6,134,401



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 9. GOODWILL

	The Group	
	2016	2015
	RM	RM
At cost:		
At 1 October 2015/2014	1,514,295	1,514,295
Acquisition of a new subsidiary (Note 37)	-	197,168
Write-off during the financial year	-	(197,168)
At 30 September 2016/2015	1,514,295	1,514,295
Accumulated impairment losses:-		
At 1 October 2015/2014	(1,514,295)	-
Addition during the financial year	-	(1,514,295)
At 30 September 2016/2015	(1,514,295)	(1,514,295)
Carrying amount	-	-

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

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

## 10. INTANGIBLE ASSET

	The Group	
	2016	2015
	RM	RM
Customer base, at cost:-		
At 1 October 2015/2014	4,509,135	5,044,437
Write-off during the financial year	(399,924)	(535,302)
At 30 September 2016/2015	4,109,211	4,509,135
Amortisation of intangible asset:-		
At 1 October 2015/2014	(488,640)	(42,036)
Amortisation during the financial year	(454,881)	(450,914)
Write-off during the financial year	87,317	4,310
At 30 September 2016/2015	(856,204)	(488,640)
Carrying amount	3,253,007	4,020,495

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 11. TRADE RECEIVABLES

	2016			2015		
	INTEREST BEARING	NON- INTEREST BEARING	TOTAL	INTEREST BEARING	NON- INTEREST BEARING	TOTAL
	RM	RM	RM	RM	RM	RM
Trade receivables						
- less than a year	4,772,817	69,860,749	74,633,566	16,412,961	13,645,361	30,058,322
- more than a year	177,621,979	-	177,621,979	-	-	-
Retention receivables	-	410,920	410,920	-	5,125,618	5,125,618
Total trade receivables	182,394,796	70,271,669	252,666,465	16,412,961	18,770,979	35,183,940
Allowance for impairment losses:-						
At 1 October 2015/2014	(1,607,813)	(12,619,025)	(14,226,838)	(134,985)	(10,959,734)	(11,094,719)
Addition during the financial year	-	(3,920,592)	(3,920,592)	(1,472,828)	(3,335,001)	(4,807,829)
Write-back during the financial year	1,577,896	1,755,002	3,332,898	-	1,675,710	1,675,710
At 30 September 2016/2015	(29,917)	(14,784,615)	(14,814,532)	(1,607,813)	(12,619,025)	(14,226,838)
Accretion of receivables:-						
At 1 October 2015/2014	-	(12,607)	(12,607)	-	(444,194)	(444,194)
Addition during the financial year	-	12,607	12,607	-	431,587	431,587
At 30 September 2016/2015	-	-	-	-	(12,607)	(12,607)
	182,364,879	55,487,054	237,851,933	14,805,148	6,139,347	20,944,495

### The Group

	2016			2015		
	INTEREST BEARING	NON-INTEREST BEARING	TOTAL	INTEREST BEARING	NON-INTEREST BEARING	TOTAL
	RM	RM	RM	RM	RM	RM
Current asset:						
Receivables within one year	4,742,900	55,487,054	60,229,954	14,805,148	6,139,347	20,944,495
Non-current asset:						
Receivables more than one year	177,621,979	-	177,621,979	-	-	-
	182,364,879	55,487,054	237,851,933	14,805,148	6,139,347	20,944,495

The Group's normal credit terms for trade receivables range from 7 to 120 days (2015 - 7 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The interest-bearing amounts at the end of the reporting period bore interest rates ranging from 10% - 14 % (2015 - 10%) per annum and are repayable on demand.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2016	2015
	RM	RM
At 1 October 2015/ 2014	(232,373)	590,689
Recognised in profit or loss (Note 35)	(1,054,766)	(823,062)
At 30 September 2016/2015	(1,287,139)	(232,373)
Presented as follows:-		
Deferred tax asset	313,000	477,766
Deferred tax liabilities	(1,600,139)	(710,139)
At 30 September 2016/2015	(1,287,139)	(232,373)

  

	The Group	
	2016	2015
	RM	RM
Deferred tax asset:-		
Temporary differences arising from unrealised profit on construction works	-	477,766
Deferred revenue	313,000	-
	313,000	477,766
Deferred tax liabilities:-		
Temporary differences arising from concession workdone	(1,600,139)	(710,139)
	(1,287,139)	(232,373)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 13. INVENTORIES HELD FOR RESALE

	The Group	
	2016 RM	2015 RM
Unsold completed properties	60,808,340	56,532,552
Less: transfer to property, plant and equipment (Note 7)	(1,442,706)	-
	59,365,634	56,532,552
Equipment and parts held for resale	1,476,215	2,975,028
Finished goods	3,029,087	-
	<u>63,870,936</u>	<u>59,507,580</u>

	The Group	
	2016 RM	2015 RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	955,540	452,880
Inventories written off as cost of sales	<u>756,596</u>	<u>189,848</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 14. PROPERTY DEVELOPMENT COSTS

	The Group	
	2016	2015
	RM	RM
At 1 October 2015/2014		
- land	-	2,714,700
- development cost	-	74,315,702
	-	77,030,402
Costs incurred during the financial year:		
- development cost	-	48,879,033
Reversal of development costs of completed project during the financial year		
- land	-	(1,495,817)
- development cost	-	(67,881,066)
	-	(69,376,883)
Transferred to inventories during the financial year		
- freehold land	-	(1,218,883)
- development cost	-	(55,313,669)
	-	(56,532,552)
At the end of financial year		
- freehold land	-	-
- development cost	-	-
	-	-
Costs recognised as an expenses in profit or loss		
- previous financial year	-	(39,454,731)
- current financial year	-	(28,054,948)
- adjustment to completed project during the financial year	-	67,509,679
	-	-
At 30 September 2016/2015	-	-
Cumulative revenue recognised in profit or loss	-	74,375,965
Cumulative billings to purchasers	-	(74,375,965)
Net accrued billings	-	-

In the previous financial year, included in development expenditure was interest expense capitalised amounting to RM408,012.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	13,432,945	7,672,891	60,004	53,046
Allowance for impairment losses	(1,540,009)	(1,540,009)	-	-
Net other receivables	11,892,936	6,132,882	60,004	53,046
Deposits	680,759	2,206,120	1,500	1,500
Prepayments	2,524,127	4,274,307	-	-
	15,097,822	12,613,309	61,504	54,546

In the previous financial year, included in deposits of the Group was an amount of approximately RM720,000 paid to a land owner as a rental deposit.

Included in the prepayments of the Group are advances amounting to approximately RM2,400,000 (2015 - RM2,743,000) paid to subcontractors for supply of goods and services.

## 16. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2016	2015
	RM	RM
Contract costs incurred to date	11,244,251	191,246,965
Attributable profits	2,747,136	47,703,035
	13,991,387	238,950,000
Progress billings	(15,357,801)	(125,024,520)
Net amount owing by/(to) contract customers	(1,366,414)	113,925,480

The net amount owing by/(to) contract customers comprises the following:-

Amount owing by contract customers	864,151	120,746,196
Amount owing to contract customers	(2,230,565)	(6,820,716)
	(1,366,414)	113,925,480



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2016	2015
	RM	RM
Amount owing by:-		
Non-trade balances	225,751,390	113,795,659
Less: Accumulated impairment loss	-	-
	<u>225,751,390</u>	<u>113,795,659</u>
Accumulated impairment loss:-		
At 1 October 2015/2014	-	(180,907)
Write-off during the financial year	-	180,907
	<u>-</u>	<u>-</u>
Amount owing to:-		
Non-trade balances	168,999,783	62,956,160

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

## 18. AMOUNT OWING BY AN ASSOCIATE

The amount owing is non-trade in nature and unsecured. The amount owing bore an interest rate of 8.1% (2015 – 8.1%) per annum and repayable on demand. The amount owing is to be settled in cash.

## 19. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM3,018,076 (2015 - RM19,573,017) have been pledged to licensed banks as security for banking facilities granted to a subsidiary.

Fixed deposits at the end of the reporting period bore a weighted average interest of 3.26% (2015 - 3.27%) per annum. The maturity periods of the fixed deposits at the end of the reporting period ranged from 30 to 365 days (2015 - 30 to 365 days).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 20. SHARE CAPITAL

	The Company			
	2016	2015	2016	2015
	Number Of Shares		RM	RM
Ordinary Shares Of RM0.10 Each:-				
Authorised				
At 30 September 2016/2015	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued And Fully Paid Up				
At 1 October 2015/2014	463,412,818	421,909,181	46,341,282	42,190,918
Issuance of shares				
- private placement	45,604,000	41,453,637	4,560,400	4,145,364
- conversion of warrant to ordinary shares	1,131	50,000	113	5,000
At 30 September 2016/2015	509,017,949	463,412,818	50,901,795	46,341,282

The Company increased its issued and paid-up share capital from RM46,341,282 to RM50,901,795 by:-

- the issuance of 45,604,000 new ordinary shares of RM0.10 each at an issue price of RM0.143 per share for the purpose of repayment of working capital and partial repayment of term loan. The shares were issued for cash consideration; and
- the issuance of 1,131 new ordinary shares of RM0.10 each from the exercise of Warrants 2007/2017 at the exercise price of RM0.13 each in accordance with the Deed Poll dated 5 December 2006. The shares were issued for cash consideration.

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

### 21. TREASURY SHARES

	The Group/The Company			
	2016	2015	2016	2015
	Number Of Shares		RM	RM
At 30 September	7,372,808	7,372,808	3,248,747	3,248,747

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

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

Of the total 509,017,949 (2015 - 463,412,818) issued and fully paid ordinary shares as at the end of the reporting period, 7,372,808 (2015 - 7,372,808) are held as treasury shares by the Company. None of the treasury shares were cancelled during the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 22. RESERVES

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Share premium	(a)	31,120,927	29,225,123	31,120,927	29,225,123
Warrant reserve	(b)	6,507,294	6,507,304	6,507,294	6,507,304
Retained profits/(Accumulated losses)	(c)	714,931	(12,488,838)	7,003,432	7,446,454
		38,343,152	23,243,589	44,631,653	43,178,881

### (a) Share premium

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

	The Group/The Company	
	2016 RM	2015 RM
At 1 October 2015/2014	29,225,123	24,347,220
Issuance of new shares		
- private placement	1,960,972	4,974,436
- conversion of warrant to ordinary shares	44	1,747
Share issuance expenses	(65,212)	(98,280)
At 30 September 2016/2015	31,120,927	29,225,123

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

### (b) Warrant Reserve

The Company has a total of 101,798,054 Warrants 2007/2017 in issue at the end of the financial year. Each Warrant 2007/2017 entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.13. The Warrants 2007/2017 are exercisable over a period of 10 years from 8 February 2007 to 7 February 2017. 1,131 of the Warrants 2007/2017 in issue were exercised during the financial year.

The Company has a total of 74,024,334 Warrants 2013/2023 in issue at the end of the financial year. Each Warrant 2013/2023 entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.26. The Warrants 2013/2023 are exercisable over a period of 10 years from 5 April 2013 to 4 April 2023. None of the Warrants 2013/2023 in issue was exercised during the financial year.

### (c) Retained Profits

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 23. HIRE PURCHASE PAYABLES

	The Group	
	2016 RM	2015 RM
Minimum hire purchase payments:		
- not later than one year	674,745	707,416
- later than one year and not later than five years	1,150,942	1,589,633
	1,825,687	2,297,049
Less: future finance charges	(145,129)	(196,598)
Present value of hire purchase payables	1,680,558	2,100,451
Current:		
- not later than one year	602,281	621,150
Non-current:		
- later than one year and not later than five years	1,078,277	1,479,301
	1,680,558	2,100,451

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.37% to 7.25% (2015 - 4.37% to 5.82%). The interest rates are fixed at the inception of the hire purchase arrangements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 24. BONDS

	Maturity Year	The Group	
		2016 RM	2015 RM
Non - Current:			
Secured, fixed rate bond:			
- 4.00% per annum	2018	60,000,000	60,000,000
- 4.10% per annum	2019	25,000,000	25,000,000
- 4.20% per annum	2020	20,000,000	20,000,000
- 4.30% per annum	2021	20,000,000	20,000,000
- 4.40% per annum	2022	20,000,000	20,000,000
- 4.50% per annum	2023	20,000,000	20,000,000
- 4.60% per annum	2024	20,000,000	20,000,000
- 4.70% per annum	2025	20,000,000	20,000,000
- 4.80% per annum	2026	20,000,000	20,000,000
- 4.90% per annum	2027	25,000,000	25,000,000
- 5.00% per annum	2028	30,000,000	30,000,000
Secured, fixed rate subordinated bond:			
- 16.00% per annum	2028	11,000,000	11,000,000
		291,000,000	291,000,000
Less:			
- Bond discount		(10,989,411)	(12,399,852)
- Transaction cost		(10,043,924)	(16,910,027)
		269,966,665	261,690,121
Accreted interest		972,228	972,228
		270,938,893	262,662,349

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 24. BONDS (CONT'D)

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

Secured:

	The Group	
	2016	2015
	RM	RM
Non-current:		
- Repayable between 1 to 5 years	111,480,519	87,461,325
- Repayable more than 5 years	159,458,374	175,201,024
	<u>270,938,893</u>	<u>262,662,349</u>

Indera Persada Sdn Bhd ("IPSB" or the "Issuer") is a 40% owned subsidiary, issued RM280 million Fixed Rate Serial Bonds and RM15 million Subordinated Bonds which included RM4 million subscribed by MMHSB, a subsidiary of Digistar Corporation Berhad on 5 September 2013.

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

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

The Bonds are secured against the following:

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 25. TERM LOAN

	The Group	
	2016	2015
	RM	RM
Current portion:		
- not later than one year	169,091	-
Non-current portion:		
- Repayable between 1 to 5 years	14,366,032	14,029,558
- Repayable more than 5 years	3,216,415	-
	17,582,447	14,029,558
	17,751,538	14,029,558

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

Term loans at the end of the reporting period bore an effective interest rate of 7.1% (2015 - 7.1%) per annum.

Term loans were secured by:-

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 26. TRADE PAYABLES

	The Group	
	2016 RM	2015 RM
Trade payables	8,932,840	16,215,291
Retention payables	6,809,143	3,637,893
Total trade payables	15,741,983	19,853,184
Accruals of construction cost	18,606,658	5,485,740
Accretion of payables	-	(177,034)
	<b>34,348,641</b>	<b>25,161,890</b>
Accretion of payables:-		
At 1 October 2015/2014	(177,034)	(742,990)
Addition	-	565,956
Reversal	177,034	-
At 30 September 2016/2015	<b>-</b>	<b>(177,034)</b>

The Group's normal credit terms of the trade payables range from 30 to 60 days (2015 - 30 to 60 days).

### 27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	7,553,282	8,952,174	11,411	4,811
Deferred revenue	1,851,447	2,365,072	-	-
Deposits received	955,138	580,985	-	-
Accruals	2,625,400	10,709,696	113,200	84,700
	<b>12,985,267</b>	<b>22,607,927</b>	<b>124,611</b>	<b>89,511</b>

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

Included in the other payables of the Group are commission payable to a contractor for a joint development project amounting to approximately RM6,242,000 (2015 - RM3,672,000).

Included in the accruals of the Group are construction costs for completion of a property development amounting to approximately RM1,143,000 (2015 - RM8,561,000).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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### 28. AMOUNT OWING TO A RELATED PARTY

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

### 29. AMOUNT OWING TO A DIRECTOR

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

### 30. BANKERS' ACCEPTANCES

The bankers' acceptances bore an effective interest rate of 5.25% (2015 - 5.03%) per annum and were secured by:-

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

### 31. BANK OVERDRAFTS

The bank overdrafts bear an effective interest rate of 8.10% (2015 - 7.85%) per annum and are secured in the same manner as the bankers' acceptances as disclosed in Note 30 to the financial statements.

### 32. NET ASSETS PER ORDINARY SHARE

The net assets per share is calculated based on the net assets value attributable to shareholders of RM85,996,200 (2015 - RM66,336,124) divided by the number of ordinary shares in issue (excluding treasury shares) at the end of the reporting period of 501,645,141 shares (2015 - 456,040,010 shares).

### 33. REVENUE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Contract revenue	151,845,056	102,309,459	-	-
Security service income	3,709,679	3,773,402	-	-
Maintenance income	500,905	1,037,307	-	-
Hotel management and services	8,186,769	2,391,669	-	-
Sale of goods	4,535,020	3,491,531	-	-
Rental income	1,650,825	1,665,809	-	-
Proportionate sale value of development properties	-	19,253,664	-	-
Management fees	240,000	-	-	-
Revocation of sales of development properties	(3,398,934)	-	-	-
	167,269,320	133,922,841	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 34. PROFIT/(LOSS) BEFORE TAXATION

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amortisation of investment properties	172,397	156,841	-	-
Amortisation of intangible asset	454,881	450,914	-	-
Audit fee:				
- for the financial year	234,200	181,067	69,000	42,000
- under/(over)provision in the previous financial year	49,333	1,000	27,000	(3,000)
- non-statutory services	10,000	5,000	10,000	5,000
Depreciation of property, plant and equipment	2,042,157	1,911,285	-	-
Directors' remuneration:				
- fee	90,000	180,000	90,000	180,000
- non-fee emoluments	2,203,097	1,972,000	40,000	100,000
- defined contribution plans	248,504	222,687	-	-
- gratuity	-	335,523	-	-
Interest expense:				
- bank overdrafts	138,084	38,592	-	-
- bankers' acceptances	318,244	55,733	-	-
- hire purchase	90,367	92,390	-	-
- trust receipts	-	1,121	-	-
- term loan	940,946	-	-	-
- bond	16,447,612	17,858,858	-	-



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 34. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Impairment losses on:				
- trade receivables	3,920,592	4,807,829	-	-
- goodwill	-	1,514,295	-	-
Rental of equipment	275,020	198,494	-	92
Rental of motor vehicle	3,649	20,402	-	-
Rental of premises	1,144,298	681,250	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	12,396,516	12,464,252	-	-
- defined contribution plans	1,474,886	1,395,467	-	-
- other benefits	799,455	684,848	-	-
Goodwill written off	-	197,168	-	-
Property, plant and equipment written off	64,555	11,250	-	-
Intangible assets written off	312,607	530,992	-	-
Loss on foreign currency exchange - realised	35,518	151,144	-	-
Loss on foreign currency exchange - unrealised	270,005	-	-	-
Accretion of payables	-	565,956	-	-
Accretion of receivables	(12,607)	(431,587)	-	-
Gain on disposal of property, plant and equipment	(210,079)	(84,311)	-	-
Write-back of impairment losses on:-				
- receivables	(3,332,898)	(1,675,710)	-	-
- subsidiaries	-	-	-	(180,907)
Government grant	-	(10,000,000)	-	-
Interest income:				
- fixed deposits	(2,352,910)	(6,416,436)	-	-
- others	-	(1,316,777)	-	-
Rental income	(1,532,575)	(1,845,108)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 35. INCOME TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current tax:				
- for the current financial year	2,867,372	1,610,561	-	-
- overprovision in the previous financial year	(1,244,409)	(1,125,253)	-	-
	1,622,963	485,308	-	-
Deferred tax: (Note 12)				
- for the current financial year	1,079,766	823,062	-	-
- overprovision in the previous financial year	(25,000)	-	-	-
	1,054,766	823,062	-	-
	2,677,729	1,308,370	-	-

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit/(Loss) before taxation	9,128,789	(24,464,230)	(443,022)	(275,345)
Tax at the statutory tax rate of 24% (2015 - 25%)	2,190,835	(6,117,541)	(106,325)	(68,836)
Tax effects of:-				
Non-deductible expenses	4,650,200	6,046,491	106,325	132,937
Non taxable gain	(30,612)	(37,520)	-	(64,101)
Deferred tax assets not recognised during the financial year	247,244	2,839,137	-	-
Utilisation of previously unrecognised deferred tax assets	(3,090,244)	(266,637)	-	-
Over/(Under)provision of:				
- current tax in the previous financial year	(1,244,409)	(1,125,253)	-	-
- deferred tax in the previous financial year	(25,000)	-	-	-
Double deduction	(20,285)	(30,307)	-	-
Tax for the financial year	2,677,729	1,308,370	-	-



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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## 35. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 - 25%) of the estimated assessable profit for the financial year.

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

	The Group	
	2016	2015
	RM	RM
Impairment losses on receivables	-	10,326,000
Unutilised tax losses	3,474,000	4,943,000
Unabsorbed capital allowances	2,015,000	1,995,000
Accelerated capital allowances over depreciation	302,000	373,000
	<u>5,791,000</u>	<u>17,637,000</u>

Tax savings during the financial year arising from:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unabsorbed capital allowance	1,278,007	666,000	-	-
Utilisation of allowable for impairment losses	8,818,241	-	-	-
Utilisation of tax losses previously not recognised as deferred tax assets	<u>2,202,022</u>	<u>2,106,071</u>	<u>-</u>	<u>-</u>

## 36. EARNINGS/(LOSS) PER SHARE

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

	The Group	
	2016	2015
	RM	RM
Earnings/(Loss) attributable to owners of the Company (RM)	<u>13,012,355</u>	<u>(16,756,307)</u>
Weighted average number of ordinary shares at 30 September	<u>480,029,561</u>	<u>452,029,661</u>
Basic earnings/(loss) per share (Sen)	<u>2.71</u>	<u>(3.71)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 36. EARNINGS/(LOSS) PER SHARE (CONT')

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

	The Group	
	2016	2015
	RM	RM
Earnings/(Loss) attributable to owners of the Company (RM)	13,012,355	(16,756,307)
Weighted average number of ordinary shares at 30 September	506,565,191	493,595,981
Diluted earnings/(loss) per ordinary share (Sen)	2.57	(3.39)

### 37. SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Group acquired 51% equity interest in Wemal Maxi-Protect Sdn. Bhd. and 100% equity interest in Sakura Management Sdn. Bhd. and Mulia Optima Sdn. Bhd. respectively.

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

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

	2016 RM	2015 RM
Revenue	Not applicable	8,520
Loss after taxation	Not applicable	(30,618)

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

	2016 RM	2015 RM
Revenue	Not applicable	49,536
Loss after taxation	Not applicable	(14,329)

## 38. (i) PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2016 RM	2015 RM
Cost of property, plant and equipment purchased	1,303,019	2,693,369
Amount financed through hire purchase	-	(824,100)
Cash disbursed for purchase of property, plant and equipment	1,303,019	1,869,269

## (ii) PURCHASE OF INVESTMENT PROPERTIES

	The Group	
	2016 RM	2015 RM
Cost of investment properties purchased	8,736,809	649,939
Amount financed through term loan	(4,235,000)	-
Cash disbursed for purchase of investment properties	4,501,809	649,939

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 39. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed deposits with licenced banks (Note 19)	25,792,808	123,926,311	-	-
Cash and bank balances	44,100,760	22,226,156	359,923	480,602
Bank overdrafts (Note 31)	(10,348,966)	(1,198,403)	-	-
	59,544,602	144,954,064	359,923	480,602
Less: fixed deposits with maturity period more than three months	(22,774,732)	(32,831,879)	-	-
Less: fixed deposit pledged under licensed bank (Note 19)	(3,018,076)	(19,573,017)	-	-
	33,751,794	92,549,168	359,923	480,602

### 40. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>Directors Of The Company</b>				
Executive directors:				
- fee	-	90,000	-	90,000
- non-fee emoluments	2,411,601	2,430,210	-	-
Non-Executive directors:				
- fee	90,000	90,000	90,000	90,000
- allowance	40,000	100,000	40,000	100,000
	2,541,601	2,710,210	130,000	280,000
<b>Directors Of The Subsidiaries</b>				
Executive directors:				
- non-fee emoluments	-	5,571	-	-
	2,541,601	2,715,781	130,000	280,000



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
The Group				
Executive directors				
- Below RM50,000	-	1	-	5
- RM50,001 to RM100,000	-	-	-	-
- RM100,001 to RM150,000	1	1	-	-
- RM200,001 to RM350,000	2	1	-	-
- RM450,001 to RM500,000	-	-	-	-
- RM500,001 to RM550,000	-	1	-	-
- RM1,300,001 to RM1,350,000	-	-	-	-
- RM1,350,001 to RM1,500,000	1	1	-	-
Non-Executive directors				
- Below RM50,000	3	2	3	2
- RM50,001 to RM100,000	1	-	1	-
- RM100,001 to RM150,000	-	1	-	1
	8	8	4	8

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 41. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

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

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>(i) Directors</b>				
Directors' fee	90,000	180,000	90,000	180,000
<b>(ii) Key management personnel</b>				
Short-term employee benefits	900,195	676,518	-	100,000
<b>(iii) Associate</b>				
Interest income receivable	-	96,212	-	-

### 42. OPERATING SEGMENTS

#### Business Segments

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

The following are the Group's main business segments:

- 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.
- Trading segment - involved in the trading of all kinds of specialised electronic and electrical components and products throughout Malaysia.
- Maintenance segment - involved in providing electronic systems maintenance and support services.
- Investment holding segment - investment holding.
- Rental and hotel segment - involved in renting, maintaining and upkeep of properties, health television operator and hotel operator.
- Property development segment - involved in development of properties.
- Concession segment - involved in concession arrangement is between the Group and Government of Malaysia for the privatisation of the design, development, construction and completion of the Facilities and Infrastructure for Jabatan Kerja Raya ("JKR") Training Institute and to carry out the Asset Management Services.
- Central monitoring security services - involved in of designing, supplying, installation and integration of security monitoring systems.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 42. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

	Systems Integration	Trading	Maintenance Income	Investment Holding	Concession	Central security monitoring Services	Rental	Property Development	Hotel Management	Elimination	Group
2016	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>THE GROUP</b>											
<b>REVENUE</b>											
External revenue	19,293,706	2,496,734	1,374,000	-	133,857,820	3,515,715	1,302,825	(2,758,249)	8,186,769	-	167,269,320
Intersegment revenue	66,000,000	120,000	-	-	97,690,512	-	228,000	(640,685)	-	(163,397,827)	-
Total revenue	85,293,706	2,616,734	1,374,000	-	231,548,332	3,515,715	1,530,825	(3,398,934)	8,186,769	(163,397,827)	167,269,320
<b>RESULTS</b>											
Segment results (external)	10,302,232	185,000	676,000	(343,075)	10,356,757	(1,430,743)	241,493	5,351,511	110,147	-	25,449,322
Interest Income	196,154	-	-	34,028	2,005,516	20,446	-	96,766	-	-	2,352,910
Finance costs	10,498,386	185,000	676,000	(309,047)	12,362,273	(1,410,297)	241,493	5,448,277	110,147	-	27,802,232
Share of results in associate	(732,581)	-	-	(145,765)	(16,580,368)	(2,985)	(1,890)	(838,683)	-	-	(18,302,272)
Profit from ordinary activities before taxation											(371,171)
Income tax expense											9,128,789
Profit after taxation											(2,677,729)
Non-controlling interest											6,451,060
Net profit attributable to the owners of the Company											6,561,295
											13,012,355

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 42. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

	Systems Integration	Trading	Maintenance Income	Investment Holding	Concession Assets	Central security monitoring Services	Rental	Property Development	Hotel Management	Total
2016	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>OTHER INFORMATION</b>										
Segment assets	17,726,075	-	1,173,460	14,255,291	299,267,258	6,844,451	16,404,575	64,220,768	2,090,938	421,982,816
Unlocated assets										1,528,068
Segment liabilities	30,838,713	-	-	4,358,528	294,076,110	2,462,391	6,573,063	16,658,858	1,230,318	356,197,981
Unlocated liabilities										3,083,098
										359,281,079
<b>Capital expenditure:</b>										
- property, plant and equipment	219,860	-	-	-	18,201	594,744	40,174	5,383	424,657	1,303,019
- investment property	-	-	-	8,736,809	-	-	-	-	-	8,736,809
<b>Written off:</b>										
- property, plant and equipment	-	-	-	-	-	64,555	-	-	-	64,555
- Intangible assets	-	-	-	-	-	312,607	-	-	-	312,607
Depreciation and amortisation	1,007,499	-	-	460,625	31,917	432,247	470,593	165,415	101,139	2,669,435
<b>Impairment losses on:</b>										
- receivables	3,714,669	-	-	-	-	60,919	145,004	-	-	3,920,592
Write-back of impairment losses on receivables	(1,755,002)	-	-	-	-	-	-	(1,577,896)	-	(3,332,898)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 42. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

	Systems Integration	Trading	Maintenance Income	Investment Holding	Concession	Central security monitoring Services	Rental	Property Development	Hotel Management	Elimination	Group
2015	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
External revenue	11,177,407	3,546,348	1,487,830	-	90,681,529	3,718,585	1,665,809	19,253,664	2,391,669	-	133,922,841
Intersegment revenue	2,299,938	-	-	-	140,333,901	-	228,000	308,259	-	(143,170,098)	-
Total revenue	13,477,345	3,546,348	1,487,830	-	231,015,430	3,718,585	1,893,809	19,561,923	2,391,669	(143,170,098)	133,922,841

## RESULTS

Segment results (external)	(12,052,089)	(119,002)	284,505	(305,441)	12,246,506	(295,600)	(979,559)	(19,698,562)	(496,722)	(1,830,525)	(23,246,489)
Interest Income	700,879	-	-	73,569	5,686,265	-	648,779	1,296,071	-	(672,350)	7,733,213
Government grant	-	-	-	-	-	-	-	10,000,000	-	-	10,000,000
Finance costs	(11,351,210)	(119,002)	284,505	(231,872)	17,932,771	(295,600)	(330,780)	(8,402,491)	(496,722)	(2,502,875)	(5,513,276)
Share of results in associate	(308,219)	(581)	(9)	(467)	(18,498,858)	(2,478)	(1,801)	(1,177,424)	-	640,000	(19,349,837)
Loss from ordinary activities before taxation											398,883
Income tax expense											(24,464,230)
Loss after taxation											(1,308,370)
Non-controlling interest											(25,772,600)
Net loss attributable to the owners of the Company											9,016,293
											(16,756,307)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 42. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

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



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## 42. OPERATING SEGMENTS (CONT'D)

### Geographical information

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

### Major Customers

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

	The Group	
	2016 RM	2015 RM
Concession segment	133,857,820	90,681,529

## 43. FOREIGN EXCHANGE RATE

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

	2016 RM	2015 RM
United States Dollar	4.14	4.40

## 44. CAPITAL COMMITMENT

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Contracted but not provided for:				
Purchase of freehold land	-	8,469,501	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 45. CONTINGENT LIABILITIES

	The Company	
	2016	2015
	RM	RM
Unsecured:		
- Guarantees given to financial institutions in respect of facilities extended to a subsidiary	-	8,265,505
- Guarantee given to a subsidiary's supplier for credit facility	7,145,389	1,000,000
- Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	1,010,305	12,412,320
- Corporate Guarantee given to a financial institution for performance guarantee facility to a subsidiary	-	280,000,000
	<u>8,155,694</u>	<u>301,677,825</u>

## 46. FINANCIAL INSTRUMENTS

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

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES

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

#### (a) Market Risk

##### (i) Foreign Currency Risk

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

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

	British Pound	Euro	United States Dollar	Singapore Dollar	Ringgit Malaysia	Total
The Group	RM	RM	RM	RM	RM	RM
2016						
<b>Financial assets</b>						
Trade receivables	-	-	-	-	237,851,933	237,851,933
Other receivables and deposits	-	-	-	-	12,573,695	12,573,695
Amount owing by an associate	-	-	-	-	2,068,221	2,068,221
Fixed deposits with licensed banks	-	-	-	-	25,792,808	25,792,808
Cash and bank balances	-	-	-	-	44,100,760	44,100,760
	-	-	-	-	322,387,417	322,387,417

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

	British Pound	Euro	United States Dollar	Singapore Dollar	Ringgit Malaysia	Total
The Group	RM	RM	RM	RM	RM	RM
2016						
<b>Financial liabilities</b>						
Trade payables	8,932	41,063	37,635	149,076	34,111,935	34,348,641
Other payables, deposits received and accruals	-	-	-	-	12,985,267	12,985,267
Amount owing to a related party	-	-	-	-	13,353	13,353
Amount owing to a director	-	-	-	-	142,200	142,200
Hire purchase payables	-	-	-	-	1,680,558	1,680,558
Bank overdrafts	-	-	-	-	10,348,966	10,348,966
Bonds	-	-	-	-	270,938,893	270,938,893
Term loan	-	-	-	-	17,751,538	17,751,538
Bankers' acceptances	-	-	-	-	5,758,000	5,758,000
	8,932	41,063	37,635	149,076	353,730,710	353,967,416
Net financial (liabilities)/ assets	(8,932)	(41,063)	(37,635)	(149,076)	(31,343,293)	(31,579,999)
Less: Net financial assets denominated in the entity's functional currency	-	-	-	-	31,343,293	31,343,293
Currency exposure	(8,932)	(41,063)	(37,635)	(149,076)	-	(236,706)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Company	Ringgit Malaysia RM	Total RM
2016		
<b>Financial assets</b>		
Other receivables and deposits	61,504	61,504
Amount owing by subsidiaries	225,751,390	225,751,390
Cash and bank balances	359,923	359,923
	<u>226,172,817</u>	<u>226,172,817</u>
<b>Financial liabilities</b>		
Other payables and accruals	124,611	124,611
Amount owing to subsidiaries	168,999,783	168,999,783
Amount owing to a related party	13,353	13,353
	<u>169,137,747</u>	<u>169,137,747</u>
Net financial assets	<u>57,035,070</u>	<u>57,035,070</u>
2015		
<b>Financial assets</b>		
Other receivables and deposits	54,546	54,546
Amount owing by subsidiaries	113,795,659	113,795,659
Cash and bank balances	480,602	480,602
	<u>114,330,807</u>	<u>114,330,807</u>
<b>Financial liabilities</b>		
Other payables and accruals	89,511	89,511
Amount owing by subsidiaries	62,956,160	62,956,160
Amount owing to a related party	13,353	13,353
	<u>63,059,024</u>	<u>63,059,024</u>
Net financial assets	<u>51,271,783</u>	<u>51,271,783</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	The Group	
	2016	2015
	RM	RM
Effects on profit/(loss) after taxation		
United States Dollar:		
- strengthened by 5%	(1,430)	(1,215)
- weakened by 5%	1,430	1,215
Singapore Dollar:		
- strengthened by 5%	(5,665)	(5,470)
- weakened by 5%	5,665	5,470
British Pound:		
- strengthened by 5%	(339)	(339)
- weakened by 5%	339	339
Euro:		
- strengthened by 5%	(1,560)	(1,411)
- weakened by 5%	1,560	1,411

##### (ii) Interest Rate Risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 46.1(c) to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

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## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk (Cont'd)

##### Exposure to interest rate risk

	The Group	
	2016	2015
	RM	RM
<b>Fixed rate instrument</b>		
Bankers' acceptances	(5,758,000)	-
Bond	(270,938,893)	(262,662,349)
Hire purchase payables	(1,680,558)	(2,100,451)
	<u>(278,377,451)</u>	<u>(264,762,800)</u>
<b>Floating rate instrument</b>		
Fixed deposits with licensed banks	25,792,808	123,926,311
Bank overdrafts	(10,348,966)	(1,198,403)
Term loan	(17,751,538)	(14,029,558)
	<u>(2,307,696)</u>	<u>108,698,350</u>

##### Interest rate risk sensitivity analysis

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

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

	The Group	
	2016	2015
	RM	RM
<b>Effects on profit/(loss) after taxation</b>		
Increase of 100 basis points	(17,538)	815,238
Decrease of 100 basis points	<u>17,538</u>	<u>(815,238)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

###### (iii) Equity Price Risk

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

##### (b) Credit Risk

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

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

###### (i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one (1) customer which constituted approximately 96% of its trade receivables as at the end of the reporting period.

###### (ii) Exposure to credit risk

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

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



# NOTES TO THE FINANCIAL STATEMENTS

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## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Ageing analysis

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

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2016				
Not past due	194,191,467	-	-	194,191,467
Past due:-				
- less than 3 months	38,670,035	-	-	38,670,035
- 3 to 6 months	921,534	-	-	921,534
- over 6 months	18,883,429	(14,814,532)	-	4,068,897
	<u>252,666,465</u>	<u>(14,814,532)</u>	<u>-</u>	<u>237,851,933</u>
2015				
Not past due	1,746,183	(9,921)	-	1,736,262
Past due:-				
- less than 3 months	961,206	(49,366)	-	911,840
- 3 to 6 months	4,033,777	(47,503)	-	3,986,274
- over 6 months	28,430,167	(14,120,048)	-	14,310,119
	<u>35,171,333</u>	<u>(14,226,838)</u>	<u>-</u>	<u>20,944,495</u>

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

#### *Trade receivables that are past due but not impaired*

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

#### *Trade receivables that are neither past due nor impaired*

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk

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

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

The Group	Contractual Interest %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2016						
Trade payables	-	34,348,641	34,348,641	34,348,641	-	-
Other payables, deposits received and accruals	-	12,985,267	12,985,267	12,985,267	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
Amount owing to a director	-	142,200	142,200	142,200	-	-
Hire purchase payables	4.37 - 7.25	1,680,558	1,825,687	674,745	1,150,942	-
Bankers' acceptances	5.25	5,758,000	5,758,000	5,758,000	-	-
Bank overdrafts	8.10	10,348,966	10,348,966	10,348,966	-	-
Bonds	7.21	270,938,893	407,180,000	14,850,000	174,310,000	218,650,000
Term loan	7.10	17,751,538	17,751,538	17,751,538	-	-
		353,967,416	490,353,652	96,872,710	175,460,942	218,650,000



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

The Group	Contractual Interest %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2015						
Trade payables	-	25,161,890	25,161,890	25,161,890	-	-
Other payables, deposits received and accruals	-	22,607,927	22,607,927	22,607,927	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
Hire purchase payables	4.37 - 5.82	2,100,451	2,297,049	707,416	1,589,633	-
Bank overdrafts	7.85	1,198,403	1,198,403	1,198,403	-	-
Bonds	7.21	262,662,349	422,660,000	14,850,000	158,575,000	249,235,000
Bridging loan	7.10	14,029,558	14,029,558	14,029,558	-	-
		<u>327,773,931</u>	<u>487,968,180</u>	<u>78,568,547</u>	<u>160,164,633</u>	<u>249,235,000</u>
The Company						
2016						
Other payables and accruals	-	124,611	124,611	124,611	-	-
Amount owing to subsidiaries	-	168,999,783	168,999,783	168,999,783	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
		<u>169,137,747</u>	<u>169,137,747</u>	<u>169,137,747</u>	<u>-</u>	<u>-</u>
2015						
Other payables and accruals	-	89,511	89,511	89,511	-	-
Amount owing to subsidiaries	-	62,956,160	62,956,160	62,956,160	-	-
Amount owing to a related party	-	13,353	13,353	13,353	-	-
		<u>63,059,024</u>	<u>63,059,024</u>	<u>63,059,024</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### 46.2 CAPITAL RISK MANAGEMENT

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

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

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

	The Group	
	2016 RM	2015 RM
Trade payables	34,348,641	25,161,890
Other payables, deposits received and accruals	12,985,267	22,607,927
Amount owing to a related party	13,353	13,353
Amount owing to a director	142,200	-
Hire purchase payables	1,680,558	2,100,451
Bankers' acceptances	5,758,000	-
Bank overdrafts	10,348,966	1,198,403
Bonds	270,938,893	262,662,349
Term loan	17,751,538	14,029,558
	353,967,416	327,773,931
Less: Fixed deposits with licensed banks	(25,792,808)	(123,926,311)
Less: Cash and bank balances	(44,100,760)	(22,226,156)
	284,073,848	181,621,464
Total equity	85,996,200	66,336,124
Debt-to-equity ratio	3.30	2.74

The Group is also required to comply with certain loan covenants, the banks may call an event of default if the Group fail to comply. The Group has complied with these requirements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>Financial assets</b>				
<u>Loans and receivables financial assets</u>				
Trade receivables	237,851,933	20,944,495	-	-
Other receivables and deposits	12,573,695	8,339,002	61,504	54,546
Amount owing by subsidiaries	-	-	225,751,390	113,795,659
Amount owing by an associate	2,068,221	1,668,221	-	-
Fixed deposits with licensed banks	25,792,808	123,926,311	-	-
Cash and bank balances	44,100,760	22,469,701	359,923	480,602
	<u>322,387,417</u>	<u>177,347,730</u>	<u>226,172,817</u>	<u>114,330,807</u>
<b>Financial liabilities</b>				
<u>Other financial liabilities</u>				
Trade payables	34,348,641	25,161,890	-	-
Other payables, deposits received and accruals	12,985,267	22,607,927	124,611	89,511
Amount owing to subsidiaries	-	-	168,999,783	62,956,160
Amount owing to a related party	13,353	13,353	13,353	13,353
Amount owing to a director	142,200	-	-	-
Hire purchase payables	1,680,558	2,100,451	-	-
Bank overdrafts	10,348,966	1,198,403	-	-
Bankers' acceptances	5,758,000	-	-	-
Bonds	270,938,893	262,662,349	-	-
Term loan	17,751,538	14,029,558	-	-
	<u>353,967,416</u>	<u>327,773,931</u>	<u>169,137,747</u>	<u>63,059,024</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.4 FAIR VALUE INFORMATION

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

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2016								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,689,614	-	1,689,614	1,680,558
Bonds	-	-	-	-	294,983,550	-	294,983,550	270,938,893

The Group	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Value	Amount
	RM	RM	RM	RM	RM	RM	RM	RM
2015								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	2,187,880	-	2,187,880	2,100,451
Bonds	-	-	-	-	286,283,200	-	286,283,200	262,662,349



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### 46.4 FAIR VALUE INFORMATION (CONT'D)

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

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

	The Group	
	2016	2015
	RM	RM
Hire purchase payables	4.37% - 7.25%	4.37% - 5.82%

### 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (a) On 23 March 2016, the Company subscribed for the additional 249,998 ordinary shares of RM1.00 each of Mulia Optima Sdn. Bhd. ("MOSB") by capitalising the indebtedness of RM249,998 owing by MOSB to the Company.
- (b) On 20 June 2016, the Company's wholly-owned subsidiary, Digistar Holdings Sdn. Bhd. subscribed for the additional 2,001,000 ordinary shares of RM1.00 each representing 16% of the issued and paid-up capital of Protecs A & A CMS Sdn. Bhd. for a total cash consideration of RM2,001,000. Consequently, the equity interest increased from 80% to 96%.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total retained profits				
- realised	(4,893,133)	(12,330,487)	7,003,432	7,446,454
- unrealised	(1,557,144)	(232,373)	-	-
	(6,450,227)	(12,562,860)	7,003,432	7,446,454
Total share of retained profits of associate				
- realised	27,712	398,883	-	-
	(6,422,565)	(12,163,977)	7,003,432	7,446,454
Add/(Less): Consolidation adjustments	7,137,496	(324,861)	-	-
At 30 September	714,931	(12,488,838)	7,003,432	7,446,454



# ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 30 DECEMBER 2016

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## ANALYSIS OF ORDINARY SHAREHOLDINGS

Authorised	:	RM1,000,000,000
Issued and Fully paid-up	:	RM51,274,909.20(including 7,372,808 treasury shares held)
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One voting rights for one ordinary share

## ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Holdings	No. of Holders	Total Shareholdings	%#
Less than 100 shares	126	5,349	0.00
100 to 1,000 shares	152	74,888	0.01
1,001 to 10,000 shares	1,108	7,192,892	1.42
10,001 to 100,000 shares	2,179	86,865,458	17.19
100,001 to less than 5% of issued shares	493	310,109,322	61.36
5% and above of issued shares	2	101,128,375	20.01
Total	4,060	505,376,284	100.00

## 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

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

No.	Name	No. of Shares Held	%#
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for LWC Capital Sdn Bhd	65,098,526	12.88
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Lee Wah Chong	36,029,849	7.13
3.	Star Heritage Development Sdn Bhd	22,776,400	4.51
4.	Datuk Lee Wah Chong	20,800,200	4.12
5.	Chang Mui Lang	16,266,695	3.22
6.	Loo Ah Moy@ Loh Ng Looi	14,281,000	2.83
7.	Siow Mee Fong	11,642,100	2.30
8.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Leong Thun	10,640,500	2.11
9.	TEGANIS MAJU SDN BHD	7,181,500	1.42
10.	Wong Lok Sun @ Wong Lock Sau	6,150,000	1.22
11.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Sia Keong	5,655,700	1.12
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Simco Assets Sdn Bhd	5,200,000	1.03
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Nyoh Moy	4,440,000	0.88

# ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 30 DECEMBER 2016

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

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

No.	Name	No. of Shares Held	%#
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Secret Recipe Cakes & Cafe Sdn Bhd	4,184,200	0.83
15.	Low Poh Ling	3,545,000	0.70
16.	Wong Chee Kheong	3,210,000	0.64
17.	Low Chit Sin	3,000,000	0.59
18.	Rozilawati Binti Mustafa	2,966,800	0.59
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Fut Ling	2,775,570	0.55
20.	Ong Fee Chong	2,128,161	0.42
21.	Lee Yong Chee	2,000,000	0.40
22.	Sia Wan Tieng	1,965,000	0.39
23.	Wa Siew Yam	1,921,205	0.38
24.	Lai Siew Min	1,852,000	0.37
25.	Ong Chun-Chiat	1,802,000	0.36
26.	Koo King Tong	1,710,000	0.34
27.	Ng Boo Kean @ Ng Beh Kian	1,621,100	0.32
28.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foo Lai Hooi	1,550,000	0.31
29.	Low Poh Chan	1,542,690	0.31
30.	Bakti Capaian Sdn Bhd	1,490,600	0.29

## SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)

(as per Register of Substantial Shareholders)

No.	Shareholder	Direct Interest	%	Indirect Interest	%
1.	LWC Capital Sdn Bhd	65,098,526	12.88	-	-
2.	Mejar (K) Datuk Wira Lee Wah Chong	56,811,149	11.24	67,019,731*	13.26
3.	Star Heritage Development Sdn Bhd	22,776,400	4.51	-	-
4.	Lim Guat De	-	-	22,776,400	4.51
5.	Loo Ah Moy@Loh Ng Looi	-	-	22,776,400	4.51



# ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 30 DECEMBER 2016

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## DIRECTORS' SHAREHOLDING (Direct & Indirect)

(as per Register of Directors' Shareholdings)

No.	Name	Direct Interest	%	Indirect Interest	%
1.	Tan Sri Datuk Mohd Zaman Khan @ Hassan B. Rahim Khan	-	-	-	-
2.	Mejar (K) Datuk Wira Lee Wah Chong	56,811,149	11.24	67,019,731*	13.26
3.	Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
4.	Thee Kok Chuan	-	-	-	-
5.	Lee Mely	-	-	-	-
6.	Lee Jin Jean	328,571	0.07	-	-
7.	Lee Chun Szen	328,571	0.07	-	-

### Notes:

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

# Based on the issued and paid-up capital of the Company of 505,376,284 ordinary shares after excluding 7,372,808 treasury shares retained by the Company as per Record of Depositors.

# ANALYSIS OF WARRANT A HOLDINGS

## AS AT 30 DECEMBER 2016

No. of Warrant A Issued	:	101,849,185
No. of Warrant A Exercised	:	3,782,274
No. of Warrant A Unexercised	:	98,066,911
Exercise Period	:	8 February 2007 to 7 February 2017

### ANALYSIS BY SIZE OF WARRANT A HOLDINGS

Size of Holdings	No. of Holders	No. of Warrant A	%
Less than 100 warrants	217	7,904	0.01
100 to 1,000 warrants	54	21,285	0.02
1,001 to 10,000 warrants	191	956,187	0.97
10,001 to 100,000 warrants	426	17,208,496	17.55
100,001 to less than 5% of issued warrants	179	79,873,039	81.45
5% and above of issued warrants	0	0	0.00
Total	1,067	98,066,911	100

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT A

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

No.	Name	No. of Warrant A Held	%
1.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Gan Seong Liam	3,900,000	3.98
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Gan Seong Liam	3,100,000	3.16
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Kong Kok Choy	3,000,000	3.06
4.	Tang Boon Huat	2,215,000	2.26
5.	Sim Heok Hoo	1,910,000	1.95
6.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Twee Yong	1,800,000	1.84
7.	Sonny Geh Sim Chong	1,718,600	1.75
8.	Ng Hock Lai	1,635,027	1.67
9.	UOB Kay Hian Nominees (Asing) Sdn Bhd exempt an for UOB Kay Hian Pte Ltd	1,600,000	1.63
10.	GV Asia Fund Limited	1,364,695	1.39
11.	Lee Chee Kian	1,300,000	1.33



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

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

No.	Name	No. of Warrant A Held	%
12.	Public Invest Nominees (Tempatan) Sdn Bhd exempt an for Phillip Securities Pte Ltd	1,200,000	1.22
13.	Yeo Siew Poh	1,200,000	1.22
14.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheong Lung Mun	1,188,800	1.21
15.	Chee Kok Yean	1,187,000	1.21
16.	Tan Cing Ki	1,120,000	1.14
17.	Ooi Chin Soon	1,029,000	1.05
18.	Cheah Teik Chuan	1,001,000	1.02
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Teck Chong	1,000,083	1.02
20.	Gan Seong Liam	1,000,000	1.02
21.	Shin Kong Kew @ Chin Kong Kew	1,000,000	1.02
22.	Sim Mui Khee	1,000,000	1.02
23.	Foo Yeong Seong	970,000	0.99
24.	Maybank Nominees (Tempatan) Sdn Bhd Lai Choi Sang	920,990	0.94
25.	Ong Fee Chong	857,400	0.87
26.	Tan Eng Hock	850,000	0.87
27.	Low Hun Kee	820,000	0.84
28.	Poh Kok Wei	810,000	0.83
29.	Choong Howe Eng	736,600	0.75
30.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for New Chong Siang	700,000	0.71

# ANALYSIS OF WARRANT A HOLDINGS

AS AT 30 DECEMBER 2016

## DIRECTORS' WARRANT A HOLDINGS (Direct & Indirect)

(as per Register of Directors' Warrant A Holdings)

No.	Name	Direct Interest	%	Indirect Interest	%
1.	Tan Sri Datuk Mohd Zaman Khan @ Hassan B. Rahim Khan	-	-	-	-
2.	Mejar (K) Datuk Wira Lee Wah Chong	-	-	-	-
3.	Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
4.	Thee Kok Chuan	-	-	-	-
5.	Lee Mely	-	-	-	-
6.	Lee Jin Jean	-	-	-	-
7.	Lee Chun Szen	-	-	-	-



# ANALYSIS OF WARRANT B HOLDINGS

AS AT 30 DECEMBER 2016

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

## ANALYSIS BY SIZE OF WARRANT B HOLDINGS

Size of Holdings	No. of Holders	No. of Warrant B	%
less than 100 warrants	83	3,672	0.01
100 to 1,000 warrants	73	46,240	0.06
1,001 to 10,000 warrants	517	2,282,177	3.08
10,001 to 100,000 warrants	378	15,441,703	20.86
100,001 to less than 5% of issued warrants	98	37,871,542	51.16
5% and above of issued warrants	2	18,379,000	24.83
Total	1,151	74,024,334	100

## 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT B

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

No.	Name	No. of Warrant B Held	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for LWC Capital Sdn Bhd	13,595,019	18.37
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Datuk Lee Wah Chong	4,783,981	6.46
3.	Gan Seong Liam	2,838,000	3.83
4.	Lim Keng Chuan	1,880,300	2.54
5.	Rhb Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Siow Chock Shume	1,866,200	2.52
6.	CHANG MUI LANG	1,800,000	2.43
7.	Tang Boon Huat	1,604,400	2.17
8.	Koo Yin @ Koo Kwee Yin	1,399,890	1.89
9.	Abdul Sathar Bin M S M Abdul Kadir	1,300,000	1.76
10.	Lee Sim Nee	1,000,000	1.35
11.	Koo King Tong	930,000	1.26
12.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheng Nyoh Moy	915,000	1.24
13.	Lim Ah Kow	855,000	1.16

# ANALYSIS OF WARRANT B HOLDINGS

AS AT 30 DECEMBER 2016

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

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

No.	Name	No. of Warrant B Held	%
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Chin Koon	669,475	0.90
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Teo Ah Seng	644,500	0.87
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Wong Hoong Kheong	623,550	0.84
17.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Kho Ping	600,000	0.81
18.	Lim Seok Kim	521,800	0.70
19.	Ong Fee Chong	456,034	0.62
20.	Tan Ho Foot	431,500	0.58
21.	Chan Shuk Ling	420,000	0.57
22.	Datuk Tay Hock Tiam	418,900	0.57
23.	Foong Poh Leen	413,000	0.56
24.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Haak Boon	408,200	0.55
25.	Siti Zarwanie Binti Zakaria	400,000	0.54
26.	Tee Hock Seng	400,000	0.54
27.	Tor Kian Hong	400,000	0.54
28.	Lau Tee Ping	371,700	0.50
29.	Yat Yee Tong	340,060	0.46
30.	Wee Bian Whatt	316,400	0.43



# ANALYSIS OF WARRANT B HOLDINGS

AS AT 30 DECEMBER 2016

## DIRECTORS' WARRANT B HOLDINGS (Direct & Indirect)

(as per Register of Directors' Warrant B Holdings)

No.	Name	Direct Interest	%	Indirect Interest	%
1.	Tan Sri Datuk Mohd Zaman Khan @ Hassan B. Rahim Khan	-	-	-	-
2.	Mejar (K) Datuk Wira Lee Wah Chong	4,783,981	6.46	13,605,186*	18.38
3.	Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
4.	Thee Kok Chuan	-	-	-	-
5.	Lee Mely	-	-	-	-
6.	Lee Jin Jean	-	-	-	-
7.	Lee Chun Szen	-	-	-	-

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

# LIST OF PROPERTIES

AS AT 30 SEPTEMBER 2016

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	38 years	45,360	1994
B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	335,888	1997
B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	380,517	1997
B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	272,616	1998
B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	286,201	2001
B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	259,723	2001
B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	272,204	2002
B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	293,632	2002
B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang Utama 1/2, 68000 Ampang, Selangor	An intermediate office lot in a 5 storey shop/ Office Unit	1864	Leasehold for 99 years expiring on 23/5/2089	21 years	423,922	2003
No 3, Jalan TU-3, Taman Tasik Utama, Ayer Keroh, 75450 Melaka.	Double storey shop house	Build-up area: 2,860, land area: 1,540	leasehold for 99 years expiring on 29/3/2097	16 years	137,815	2002



# LIST OF PROPERTIES

AS AT 30 SEPTEMBER 2016

Location	Description/ Existing Use	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
28-1A, Jalan Sungai Chandong 9, Bandar Armada Putra, Pulau Indah, 42100 Pelabuhan Klang, Selangor	An intermediate office lot in a 4 storey shop/ Office Unit	644	Leasehold for 99 years expiring on 11/3/2095	14 years	45,000	2005
C19, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	A corner office lot in 4 storey shop/ Office unit	Build-up area: 8,124, land area: 1,920	Leasehold for 99 years expiring on 7/5/2083	23 years	991,100	2005
500, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	Double Storey commercial building	Build-up area: 8,938, land area: 6,175	Leasehold for 99 years expiring on 2/2/2076	24 years	2,787,683	2010
499, Jalan 5, Taman Ampang Utama, 68000 Ampang, Selangor	Vacant land	Land area: 8150	Leasehold for 99 years expiring on 25/1/2077	N/A	2,344,735	2011
1-2-37, I-Avenue, Medan Kampung Relau 1, Bayan Lepas, 11900 Penang	An intermediate office lot in a 4 storey shop/ Office Unit	978	Freehold	5 years	355,483	2012
C1-0419, Jalan Indah 15, Taman Bukit Indah, Nusajaya, Johor	An intermediate office lot in a 5 storey shop/ Office Unit	947	Freehold	4 year	359,975	2013
PT 834 Melaka Tengah, Kawasan Bandar XXX1X	Vacant Land	Land ares: 4290	Leasehold for 99 years expiring on 29/6/2107	N/A	1,273,372	2011
5A-2, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	11 years	101,155	2015
6B-1, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	11 years	101,155	2015
13A-2, Jalan Melaka Raya 14, Taman Melaka Raya, 75000 Melaka	Apartment Medium Cost	674	Leasehold for 99 years expiring on 7/7/2093	11 years	101,155	2015
H.S (M) 3166, P.T No 8778, Mukim Cheng, District of Melaka Tengah, Melaka	Vacant Land	Land area: 83,593	Freehold	N/A	1,644,425	2016
Lot 19545, Mukim Cheng, District of Melaka Tengah, Melaka	Vacant Land	Land area : 359,836	Freehold	N/A	7,092,384	2016

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourteenth Annual General Meeting of Digistar Corporation Berhad will be held at Merak 3, Level 2, De Palma Hotel Ampang, Jalan Selaman 1/2, Palm Square, Ampang Point, Jalan Ampang, 68000 Ampang, Selangor Darul Ehsan on Tuesday, 28 February 2017 at 11.00 a.m. for the following purposes:

## AGENDA

### As Ordinary Businesses:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2016 together with the Reports of the Directors and Auditors thereon. **(Refer to Explanatory Note 1)**
2. To approve the payment of Directors' fees amounting to RM90,000.00 for the financial year ended 30 September 2016. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who are retiring under Article 86 of the Articles of Association of the Company:
  - 3.1 Dato' Haji Ishak Bin Haji Mohamed **(Ordinary Resolution 2)**
  - 3.2 Lee Mely **(Ordinary Resolution 3)**
4. To re-elect Thee Kok Chuan who is retiring under Article 92 of the Articles of Association of the Company. **(Ordinary Resolution 4)**
5. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

"THAT, Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting". **(Ordinary Resolution 5)**
6. To re-appoint Messrs Crowe Horwath as Auditors for the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

### As Special Businesses:

To consider and if thought fit, pass the following Ordinary Resolutions:

7. **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 7)**  
**(Please refer to Explanatory Note 2)**



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

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

- (i) the aggregate number of ordinary shares purchased and/or retained by the Company as treasury shares pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company during the authorised period;;
- (ii) the maximum fund allocated by the Company for the Share Buy-back shall not exceed the total retained profits and share premium account of the Company and based on the Audited Financial Statements as at 30 September 2016, the retained profits and share premium account of the Company were RM714,931 and RM31,120,927 respectively. Based on the unaudited First Quarter results for the period ended 31 December 2016, the retained profits and share premium account of the Company were RM2,215,876 and RM31,120,927 respectively;
- (iii) the authority conferred by this resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first; and
- (iv) upon completion of the purchase(s) of the shares by the Company, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:
  - (a) cancel all the shares so purchased; or
  - (b) retain the shares so purchased as treasury shares; or
  - (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - (d) distribute the treasury shares as dividend to shareholders and/or resell on the market of Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of the Bursa Securities and any other relevant authority for the time being in force." **(Ordinary Resolution 8)**  
**(Please refer to Explanatory Note 3)**

## BY ORDER OF THE BOARD

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

Kuala Lumpur  
26 January 2017

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Fourteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 21 February 2017. Only a depositor whose name appears on the Record of Depositors as at 21 February 2017 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation under its common seal or the hands of its attorney.
5. The instrument appointing a proxy or the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the meeting.
6. If the Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

## Explanatory Notes

### 1. Item 1 of the Agenda

#### **To receive the Audited Financial Statements for the financial year 30 September 2016 together with the Reports of the Directors and Auditors thereon.**

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

### 2. Item 7 of the Agenda

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

The Ordinary Resolution 7 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, 45,604,000 new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirteenth Annual General Meeting held on 24 March 2016 and which will lapse at the conclusion of the Fourteenth Annual General Meeting. The proceeds of RM6,384,560.00 raised from the issuance of 45,604,000 shares via the Private Placement as at the date of this Notice were utilised for working capital of the Company, partial repayment of term loan and to defray expenses related to the Private Placement



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

### 3. Item 8 of the Agenda

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

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase and/or hold up to a maximum of ten per centum (10%) of the issued and paid-up share of the Company at any point of time, by utilising the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company, subject to the Act, Listing Requirements of Bursa Securities, any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

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







# FORM OF PROXY

**DIGISTAR CORPORATION BERHAD**  
(603652-K)  
(Incorporated in Malaysia)

<b>CDS Account No. (i)</b>	
<b>No. of Shares held</b>	

\*I/We ..... NRIC/Company No .....  
(FULL NAME IN BLOCK CAPITALS)

of .....  
(FULL ADDRESS)

being a member/members of DIGISTAR CORPORATION BERHAD (603652-K), hereby appoint .....  
(FULL NAME IN BLOCK CAPITALS)

NRIC No. .... of .....  
(FULL ADDRESS)

or failing \*him/her, .....  
(FULL NAME IN BLOCK CAPITALS)

NRIC No. .... of .....  
(FULL ADDRESS)

or failing \*him/her, \*the Chairman of the Meeting as \*my/our proxy to attend and vote on \*my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Merak 3, Level 2, De Palma Hotel Ampang, Jalan Selaman 1/2, Palm Square, Ampang Point, Jalan Ampang, 68000 Ampang, Selangor Darul Ehsan on Tuesday, 28 February 2017 at 11.00 a.m. and at any adjournment thereof.

\*My/our proxy is to vote as indicated below:

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		

(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 ..... 2017

Signature/Common Seal of Member

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

## Notes:

- For the purpose of determining a member who shall be entitled to attend, speak and vote at the Fourteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 21 February 2017. Only a depositor whose name appears on the Record of Depositors as at 21 February 2017 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
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- The instrument appointing a proxy or the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the meeting.
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Fold this flap for sealing

Then fold here



AFFIX  
STAMP

**DIGISTAR CORPORATION BERHAD**

COMPANY SECRETARY

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

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

B6/4/4, 3rd Floor  
One Ampang Business Avenue  
Jalan Ampang Utama 1/2  
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**[www.digistar.com.my](http://www.digistar.com.my)**