



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2004. (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|---|--|
| | Current year quarter 30/9/2004 RM'000 | Preceding year corresponding quarter 30/9/2003 RM'000 | Current year to date 30/9/2004 RM'000 | Preceding year corresponding period 30/9/2003 RM'000 |
| Revenue | 10,813 | 9,225 | 51,197 | 41,101 |
| Cost Of Sales | (6,790) | (6,914) | (37,072) | (30,361) |
| Gross Profit | 4,023 | 2,311 | 14,125 | 10,740 |
| Operating Expenses | (2,042) | (1,288) | (5,901) | (3,976) |
| Profit Before Finance Cost And Depreciation | 1,981 | 1,023 | 8,224 | 6,764 |
| Finance Cost | (128) | (69) | (389) | (330) |
| Depreciation | (182) | (123) | (694) | (453) |
| Other Income | 131 | 31 | 754 | 532 |
| Profit Before Taxation | 1,802 | 862 | 7,895 | 6,513 |
| Taxation | (590) | (245) | (2,396) | (1,926) |
| Profit After Taxation | 1,212 | 617 | 5,499 | 4,587 |
| Pre-acquisition Profit | - | (61) | - | (4,031) |
| Net Profit Attributable To Members Of The Company | 1,212 | 556 | 5,499 | 556 |
| | | | | |
| Earnings Per Share | Sen | Sen | Sen | Sen |
| - Basic | 1.45 | 5.84 | 6.72 | 5.84 |
| - Diluted | 1.25 | N/A | 5.79 | N/A |

The Condensed Consolidated Income Statement should be read in conjunction with the Group's annual financial report for the financial period ended 30 September 2003.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

QUARTERLY REPORT ON CONSOLIDATED BALANCE SHEET (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

| | As at end of current quarter 30/9/2004 RM'000 | As at preceding financial year ended 30/9/2003 RM'000 |
|--|--|---|
| PROPERTY, PLANT AND EQUIPMENT | 6,287 | 5,386 |
| CURRENT ASSETS | | |
| Inventories held for resale | 1,838 | 1,680 |
| Trade receivables | 12,310 | 5,665 |
| Other receivables, deposit and prepayment | 302 | 451 |
| Amount owing by contract customers | 4,234 | 2,730 |
| Fixed deposits with licensed banks | 9,744 | 3,249 |
| Cash and bank balances | 142 | 123 |
| | 28,570 | 13,898 |
| CURRENT LIABILITIES | | |
| Trade payables | 3,456 | 4,283 |
| Other payables and accruals | 810 | 252 |
| Bank overdraft | 1,824 | 317 |
| Short term borrowings | 1,621 | 1,396 |
| Provision for taxation | 622 | 1,040 |
| | 8,333 | 7,288 |
| NET CURRENT ASSETS | 20,237 | 6,610 |
| | 26,524 | 11,996 |
| Financed by:- | | |
| SHARE CAPITAL | 8,360 | 6,258 |
| SHARE PREMIUM | 8,467 | - |
| RETAINED PROFITS | 4,854 | 556 |
| RESERVE ON CONSOLIDATION | 4,031 | 4,031 |
| | 25,712 | 10,845 |
| HIRE PURCHASE PAYABLES | 753 | 1,066 |
| DEFERRED TAXATION | 59 | 85 |
| | 26,524 | 11,996 |
| NET TANGIBLE ASSETS PER SHARE (Sen) | 30.76 | 17.3 |

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial period ended 30 September 2003.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (The figures have not been audited)

| | Share Capital RM'000 | Share Premium RM'000 | Retained Profits RM'000 | Reserve on Consolidation RM'000 | Total RM'000 |
|---------------------------|-------------------------------------|-------------------------------------|--|--|-------------------------|
| At 1 October 2003 | 6,258 | - | 556 | 4,031 | 10,845 |
| Issued during the period | 2,102 | 8,467 | - | - | 10,569 |
| Net profit for the period | - | - | 5,499 | - | 5,499 |
| Dividend paid | - | - | (1,201) | - | (1,201) |
| At 30 September 2004 | 8,360 | 8,467 | 4,854 | 4,031 | 25,712 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's annual financial report for the financial period ended 30 September 2003.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2004 (The figures have not been audited)

| | RM'000 |
|---|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Profit before taxation | 7,895 |
| Adjustments for: | |
| Non cash items | 694 |
| Non operating items | (579) |
| Operating profit before working capital changes | 8,010 |
| Net changes in current assets | (8,159) |
| Net changes in current liabilities | 179 |
| Cash generated from operations | 30 |
| Interest paid | (194) |
| Income tax paid | (2,814) |
| Net cash used in operating activities | (2,978) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest received | 334 |
| Purchase of property, plant and equipment | (1,595) |
| Proceed from issuance of shares | 11,562 |
| Net cash from investing activities | 10,301 |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Increase in bills payable | 191 |
| Repayment of hire purchase obligation | (552) |
| Payment of cash dividend | (1,201) |
| Repayment of term loan | (754) |
| Net cash used in financing activities | (2,316) |
| | |
| Net increase in cash and cash equivalents | 5,007 |
| | |
| Cash and cash equivalents at 1 October 2003 | 3,055 |
| Cash and cash equivalents at 30 September 2004 | 8,062 |

Note:

Cash and cash equivalents comprise of:

| | |
|-----------------------------------|---------|
| Fixed deposits with licensed bank | 9,744 |
| Cash and bank balances | 142 |
| Bank overdrafts | (1,824) |
| | 8,062 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's annual financial report for the financial period ended 30 September 2003.



UNAUDITED QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2004

A. EXPLANATORY NOTES AS PER MASB 26

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Accounting Standard Board (MASB) No. 26 "Interim Financial Reporting" and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Securities") for the MESDAQ market, and should be read in conjunction with the Group's annual financial report for the financial period ended 30 September 2003.

The accounting policies adopted by Digistar Corporation Berhad ("Digistar") and its subsidiary companies ("Group") in the interim financial report are consistent with those adopted for the financial statement for the financial period ended 30 September 2003.

A2. Qualification of Financial Statements

The audit report of the preceding financial statements for the period from 15 January 2003 (Date of Incorporation) to 30 September 2003 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the quarter under review.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the quarter under review.

A5. Material Changes In Estimates

There were no changes in estimates of amounts reported in prior financial period, which have a material effect in the current quarter under review.



A6. Debts and Equity Securities

Save as disclosed below and Note B8, there was no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares for the current period and financial year-to-date.

During the quarter ended 30 September 2004, 30,000 ordinary shares of RM0.10 each were issued pursuant to the exercise of options granted under the Digistar Corporation Berhad Employees' Share Option Scheme.

A7. Dividend Paid

The Company had paid an interim dividend of 2 sen per share, less 28% income tax for the year ended 30 September 2004 on 24 February 2004. The net amount of the interim dividend paid was RM1,201,468.70.

A8. Segmental Information

Revenue by activities

| | Individual Quarter | | Cumulative Quarter | |
|--------------------|---|---|--|---|
| | Current year quarter 30/9/2004 RM'000 | Preceding year corresponding quarter 30/9/2003 RM'000 | Current year to date 30/9/2004 RM'000 | Preceding year corresponding period 30/9/2003 RM'000 |
| Contract revenue | 10,404 | 8,866 | 49,970 | 39,742 |
| Maintenance income | 40 | 64 | 257 | 267 |
| Sales of goods | 363 | 281 | 927 | 1,048 |
| Rental income | 6 | 14 | 43 | 44 |
| | 10,813 | 9,225 | 51,197 | 41,101 |

A9. Valuation Of Property, Plant And Equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have any effect on the results of current quarter under review.

A10. Material Events Subsequent To The End Of The Quarter

There were no material events subsequent to the current quarter under review up to the date of this report which is likely to substantially affect the results of the operations of the Company.



A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12. Contingent Liabilities

- a) The Company has provided corporate guarantees for hire purchase facilities granted to a wholly-owned subsidiary for a total amount of RM910,000. As at 30 September 2004, the said hire purchase balance stood at RM764,830.
- b) The Company has also provided corporate guarantees for bank facilities granted to a wholly-owned subsidiary for a total amount of RM25.28 million. As at 30 September 2004, the total outstanding balances of the bank facilities are disclosed in Note B9 below.

Save as disclosed in the above, there were no material contingent liabilities as at 23 November 2004, being the date not earlier than 7 days from the date of this announcement.

A13. Capital Commitments

There were no capital commitments as at the date of this announcement except for the acquisition of land with a 4½ storey shop office erected thereon located at No. 19, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor Darul Ehsan by Digistar Properties Sdn Bhd, a wholly-owned subsidiary of Digistar, for a total consideration of RM1.2 million.

A14. Significant Related Party Transactions

There were no significant related party transactions during the quarter under review.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the Performance

The Group achieved a revenue and profit before taxation ("PBT") of approximately RM10.8 million and RM1.8 million respectively for the current quarter ended 30 September 2004. The Group recorded revenue of approximately RM51.2 million and PBT of RM7.9 million for the year ended 30 September 2004. The Group revenue and PBT for current year under review were grown at approximately 25% and 21% respectively if compared with RM41.1 million and RM6.8 million recorded in the previous financial year. The Group's PBT for the current year under review also exceeded the forecasted Group PBT of RM7.4 million by approximately 6.3%.

There are no material factors which have affected the earnings and revenue of the Group for the current quarter and financial year to date.

B2. Comparison with Preceding Quarter's Results

The Group recorded lower revenue and PBT of RM10.81 million and RM1.80 million respectively in the quarter under review as compared to RM12.36 million and RM1.85 million respectively achieved in the previous quarter. The reduction is mainly due to the timing differences in the jobs implementation and the variation in the mix of jobs performed during the quarter under review. Despite the reduction in revenue in the current quarter, the PBT margin was increased from 14.9% in the preceding quarter to 16.7% in the current quarter.

B3. Current Year Prospects

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group for the financial year ending 30 September 2005 will remain satisfactory.

B4. Variance of Profit Forecast

| | Actual results RM'000 | Forecast as per Prospectus RM'000 | Variance RM'000 | % |
|--|-----------------------------|--|--------------------|--------|
| Profit Before Taxation | 7,895 | 7,428 | 467 | 6.3 |
| Taxation | (2,396) | (2,145) | (251) | (11.7) |
| Net Profit Attributable To Members Of The Company | 5,499 | 5,283 | 216 | 4.1 |



B5. Taxation

The effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory tax rate of 28% due to losses incurred by certain subsidiaries prior to the commencement of their commercial operations and certain expenses being disallowed for taxation purposes.

B6. Profit / (Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter.

The Group does not hold any quoted securities as at 30 September 2004.

B8. Status of Corporate Proposals

a) Listing On The MESDAQ Market Of Bursa Securities (“Public Issue”)

On 10 October 2003, the Company issued a prospectus for the public issue of 20,860,000 new ordinary shares of RM0.10 each at an issue price of RM0.55 per share payable in full on application comprising:

- (i) 3,500,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
- (ii) 1,500,000 new ordinary shares of RM0.10 each available for application by eligible employees of the Group; and
- (iii) 15,860,000 new ordinary shares of RM0.10 each by way of private placement

in conjunction with its listing on the MESDAQ Market of Bursa Securities. The new shares were fully subscribed on its closing date on 28 October 2003. On 29 October 2003, the Company allotted and issued 20,860,000 ordinary shares of RM0.10 each to the successful applicants.

The Company was listed on the MESDAQ Market of Bursa Securities on 7 November 2003.



b) Status Of Utilisation Of Listing Proceed

The status of utilisation of the proceeds raised from the Public Issue pursuant to the listing of the Company on the Mesdaq Market of Bursa Securities on 7 November 2003 amounting to RM12.72 million is as follows:

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

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

c) Proposed bonus issue

On November 23, 2004, Hwang-DBS Securities Berhad announced on behalf of the Board of Directors of DIGISTAR, that the Company proposed to implement a bonus issue on the basis of up to one (1) new ordinary share of RM0.10 each in DIGISTAR ("DIGISTAR Shares") for each existing DIGISTAR Share held.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all secured and denominated in Ringgit Malaysia) as at 30 September 2004 consist of the following:

| | Short term RM'000 | Long term RM'000 | Total RM'000 |
|---------------------------------------|------------------------------|-----------------------------|-------------------------|
| Bank overdraft | 1,824 | - | 1,824 |
| Trust receipts and bankers acceptance | 1,266 | - | 1,266 |
| Hire purchase liabilities | 355 | 753 | 1,108 |
| | <u>3,445</u> | <u>753</u> | <u>4,198</u> |



B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 23 November 2004, being the date not earlier than 7 days from the date of this announcement.

B11. Material Litigation

The Company/Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Company/Group as at 23 November 2004, being the date not earlier than 7 days from the date of this announcement.

B12. Proposed Dividend

The Board has declared an interim dividend of 2.0 sen per share, less 28% income tax in respect of the financial year ended 30 September 2004 (30 September 2003: Nil). The dividend was paid on 24 February 2004.

The Board now declares a second interim dividend of 2.0 sen per share, less 28% income tax in respect of the financial year ended 30 September 2004 (30 September 2003: Nil) to be paid on 23 December 2004.

The entitlement date for the interim dividend shall be on 10 December 2004. A depositor shall qualify for entitlement to the dividend only in respect of:

- a) shares transferred into the depositor's securities account before 4.00 p.m. on 10 December 2004 in respect of transfers; and
- c) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

The total dividend declared for the current financial year is 4.0 sen per share, less 28% income tax (30 September 2003: Nil).



B13. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to members of the company by the weighted average number of ordinary shares in issue during the period.

| | Individual Quarter | | Cumulative Quarter | |
|--|-----------------------------------|---|-----------------------------------|--|
| | Current year quarter 30/9/2004 | Preceding year corresponding quarter 30/9/2003 | Current year to date 30/9/2004 | Preceding year corresponding period 30/9/2003 |
| Net profit attributable to members of the company (RM'000) | 1,212 | 556 | 5,499 | 556 |
| Weighted average number of ordinary shares in issue | 83,587,195 | 9,519,344 | 81,886,156 | 9,519,344 |
| Basic earnings per share (Sen) | 1.45 | 5.84 | 6.72 | 5.84 |

(b) Diluted Earnings Per Share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the period had been adjusted for the effects of dilutive potential ordinary shares from exercise of the Employees Share Option Scheme ("ESOS").

| | Individual Quarter | | Cumulative Quarter | |
|---|-----------------------------------|---|-----------------------------------|--|
| | Current year quarter 30/9/2004 | Preceding year corresponding quarter 30/9/2003 | Current year to date 30/9/2004 | Preceding year corresponding period 30/9/2003 |
| Net profit attributable to members of the company (RM'000) | 1,212 | 556 | 5,499 | 556 |
| Weighted average number of ordinary shares in issue | 83,587,195 | 9,519,344 | 81,886,156 | 9,519,344 |
| Adjustment for assumed exercise of ESOS | 13,010,200 | N/A | 13,010,200 | N/A |
| Adjusted weighted average number of ordinary shares in issue and issuable | 96,597,395 | N/A | 94,896,356 | N/A |
| Diluted earnings per share (Sen) | 1.25 | N/A | 5.79 | N/A |

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 November 2004.