



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2004 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2004 RM'000	Preceding year corresponding quarter 31/12/2003 RM'000	Current year to date 31/12/2004 RM'000	Preceding year corresponding period 31/12/2003 RM'000
Revenue	12,274	13,484	12,274	13,484
Cost Of Sales	(8,778)	(9,957)	(8,778)	(9,957)
Gross Profit	3,496	3,527	3,496	3,527
Operating Expenses	(1,444)	(1,155)	(1,444)	(1,155)
Profit Before Finance Cost And Depreciation	2,052	2,372	2,052	2,372
Finance Cost	(94)	(121)	(94)	(121)
Depreciation	(176)	(142)	(176)	(142)
Other Income	74	95	74	95
Profit Before Taxation	1,856	2,204	1,856	2,204
Taxation	(547)	(681)	(547)	(681)
Profit After Taxation	1,309	1,523	1,309	1,523
Minority Interests	-	-	-	-
Net Profit Attributable To Members Of The Company	1,309	1,523	1,309	1,523
Earnings per share				
- basic	1.54	1.98	1.54	1.98
- fully diluted	1.49	N/A	1.49	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2004.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

QUARTERLY REPORT ON CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As at end of current quarter 31/12/2004 RM'000	As at preceding financial year ended 30/9/2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	6,086	6,287
CURRENT ASSETS		
Inventories held for resale	1,898	1,838
Trade receivables	12,032	12,310
Other receivables, deposit and prepayment	412	302
Amount owing by contract customers	6,060	4,234
Fixed deposits with licensed banks	9,783	9,744
Cash and bank balances	95	142
	30,280	28,570
CURRENT LIABILITIES		
Trade payables	3,147	3,456
Other payables and accruals	643	860
Bank overdraft	632	1,824
Short term borrowings	3,106	1,621
Provision for taxation	633	622
	8,161	8,383
NET CURRENT ASSETS	22,119	20,187
	28,205	26,474
Financed by:-		
SHARE CAPITAL	8,679	8,360
SHARE PREMIUM	9,904	8,467
RETAINED PROFITS	4,863	4,804
RESERVE ON CONSOLIDATION	4,031	4,031
	27,477	25,662
HIRE PURCHASE PAYABLES	669	753
DEFERRED TAXATION	59	59
	28,205	26,474
NET TANGIBLE ASSETS PER SHARE (Sen)	31.66	30.70

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2004.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 DECEMBER 2004 (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 2004	8,360	8,467	4,804	4,031	25,662
Issued during the period	319	1,437	-	-	1,756
Net profit for the period	-	-	1,309	-	1,309
Dividend paid	-	-	(1,250)	-	(1,250)
At 31 December 2004	<u>8,679</u>	<u>9,904</u>	<u>4,863</u>	<u>4,031</u>	<u>27,477</u>

	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	2,086	8,394	-	-	10,480
Net profit for the period	-	-	1,523	-	1,523
At 31 December 2003	<u>8,344</u>	<u>8,394</u>	<u>2,079</u>	<u>4,031</u>	<u>22,848</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2004.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2004 (The figures have not been audited)

	Current year quarter 31/12/2004 RM'000	Preceding year corresponding quarter 31/12/2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,856	1,523
Adjustments for:		
Non cash items	174	142
Non operating items	(21)	(71)
Operating profit before working capital changes	2,009	1,594
Net changes in current assets	(1,718)	(5,711)
Net changes in current liabilities	(526)	2,590
CASH FOR OPERATIONS	(235)	(1,527)
Interest paid	(49)	(32)
Income tax paid	(536)	(453)
Net cash for operating activities	(820)	(2,012)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	70	58
Purchase of property, plant and equipment	(9)	(1,483)
Proceed for disposal of equipment	36	-
Net cash from/(for) investing activities	97	(1,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in bills payable	1,494	548
Repayment of hire purchase obligation	(93)	(70)
Repayment of term loan	-	(754)
Proceed from issuance of shares	1,756	11,473
Dividend paid	(1,250)	-
Net cash from financing activities	1,907	11,197
Net increase in cash and cash equivalents	1,184	7,760
Cash and cash equivalents at beginning of year	8,062	3,055
Cash and cash equivalents at end of period	9,246	10,815
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank	9,783	11,634
Cash and bank balances	95	136
Bank overdrafts	(632)	(955)
	9,246	10,815

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2004.



UNAUDITED QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 year ended 30 September 2004.

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 year ended 30 September 2004.

A2. Qualification of Financial Statements

The audit report of the preceding financial statements for the financial year ended 30 September 2004 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 31 December 2004, 3,194,000 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 20%, less 28% income tax for the year ended 30 September 2004 on 23 December 2004. The net amount of the interim dividend paid was RM1,249,781.

A8. Segmental Information

Revenue by activities

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2004 RM'000	Preceding year corresponding quarter 31/12/2003 RM'000	Current year to date 31/12/2004 RM'000	Preceding year corresponding period 31/12/2003 RM'000
Contract revenue	11,628	13,283	11,628	13,283
Maintenance income	74	89	74	89
Sales of goods	561	98	561	98
Rental Income	11	14	11	14
	12,274	13,484	12,274	13,484

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 effect in the 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 that have not been reflected in the financial statements.

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 31 December 2004, the said hire purchase balance stood at RM719,329.
- 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 31 December 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 24 February 2005, 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 BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

The Group recorded a revenue and profit before taxation ("PBT") of RM12.3 million and RM1.9 million respectively for the first quarter ended 31 December 2004. The reduction in turnover is mainly due to the timing differences in the execution of projects in hand.

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

PBT for the current quarter ended 31 December 2004 increased by 58% to RM1.9 million as compared to RM1.2 million achieved in the quarter ended 30 September 2004. The increase in the PBT in the current quarter under review was mainly attributable to the higher turnover as well as lower operating expenses. The lower operating expenses for the quarter under review were in line with the Group policy to contain cost.

B3. Current Year Prospects

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group will be satisfactory in the remaining quarters of the financial year ending 30 September 2005.

B4. Variance of Profit Forecast

Not applicable as the Company did not publish any profit forecast.

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 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 Company/Group does not hold any quoted securities as at 31 December 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.



B8. Status of Corporate Proposals (Cont'd)

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	362	638	
Capital expenditure for office expansion	3,100	1,104	1,996	
Future business expansion	1,000	198	802	
Renovation and upgrading of showroom	200	72	128	
Purchase of fixed assets	1,000	354	646	
Repayment of term loan	753	753	-	
Working capital	4,472	4,679	(207)	#
Estimated listing expenses	1,200	993	207	#
Total	12,725	8,515	4,210	

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

c) Proposed bonus issue

On November 23, 2004, Hwang-DBS Securities Berhad ("HDBS") 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 ("Proposed Bonus Issue").

HDBS has been appointed as the advisor for the Company for the Proposed Bonus Issue.



B8. Status of Corporate Proposals (Cont'd)

c) Proposed bonus issue (Cont'd)

The Proposed Bonus Issue is subject to approvals being obtained from the following:-

- (i) Bursa Securities for the listing of and quotation for the Digistar Shares to be issued as a result of the Proposed Bonus Issue on the MESDAQ Market of Bursa Securities;
- (ii) shareholders of Digistar at an extraordinary general meeting to be convened; and
- (iii) any other relevant authorities.

An application in relation to the Proposed Bonus Issue was made to Bursa Securities on 25 January 2005 and approval-in-principle for the Proposed Bonus Issue was obtained on 4 February 2005. A Circular to Shareholders on the Proposed Bonus Issue will be issued in due course.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all secured and denominated in Ringgit Malaysia) as at 31 December 2004 consist of the following:

	<i>Short term</i>	<i>Long term</i>	<i>Total</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Bank overdraft	632	-	632
Trust receipts and bankers acceptance	2,760	-	2,760
Hire purchase liabilities	346	669	1,015
	<u>3,738</u>	<u>669</u>	<u>4,407</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 24 February 2005, 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 24 February 2005, being the date not earlier than 7 days from the date of this announcement.



B12. Proposed Dividend

There was no dividend proposed by the Board of Directors for the current financial period under review.

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 31/12/2004	Preceding year corresponding quarter 31/12/2003	Current year to date 31/12/2004	Preceding year corresponding period 31/12/2003
Net profit attributable to members of the company (RM'000)	1,309	1,523	1,309	1,523
Weighted average number of ordinary shares in issue	84,746,401	77,086,629	84,746,401	77,086,629
Basic earnings per share (Sen)	1.54	1.98	1.54	1.98

(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 31/12/2004	Preceding year corresponding quarter 31/12/2003	Current year to date 31/12/2004	Preceding year corresponding period 31/12/2003
Net profit attributable to members of the company (RM'000)	1,309	1,523	1,309	1,523
Weighted average number of ordinary shares in issue	84,746,401	77,086,629	84,746,401	77,086,629
Adjustment for assumed exercise of ESOS	3,247,835	N/A	3,247,835	N/A
Adjusted weighted average number of ordinary shares in issue and issuable	87,994,236	N/A	87,994,236	N/A
Diluted earnings per share (Sen)	1.49	N/A	1.49	N/A



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

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 24 February 2005.