



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2005 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2005 RM'000	Preceding Year Corresponding Quarter 30/09/2004 RM'000	Current Year To Date 30/09/2005 RM'000	Preceding Year Corresponding Period 30/09/2004 RM'000
Revenue	6,031	10,813	31,416	51,197
Cost of sales	(4,126)	(6,790)	(21,740)	(37,072)
Gross profit	1,905	4,023	9,676	14,125
Operating expenses	(1,421)	(2,042)	(4,858)	(5,901)
Profit before finance costs and depreciation	484	1,981	4,818	8,224
Finance costs	(163)	(128)	(425)	(389)
Depreciation	(201)	(182)	(721)	(694)
Other income	251	131	547	754
Profit before taxation	371	1,802	4,219	7,895
Taxation	(297)	(590)	(1,494)	(2,396)
Profit after taxation	74	1,212	2,725	5,499
Minority interest	-	-	-	-
Net profit attributable to members of the Company	74	1,212	2,725	5,499
Earnings per share (sen)				
- basic	0.04	0.70	1.63	3.81
- fully diluted	0.04	0.70	1.57	3.73

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 30 SEPTEMBER 2005 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 30/09/2005 RM'000	As At Preceding Financial Year Ended 30/09/2004 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	7,593	6,287
Long term investment	1,000	-
	<u>8,593</u>	<u>6,287</u>
CURRENT ASSETS		
Inventories held for resale	2,358	1,838
Trade receivables	10,901	12,310
Other receivables, deposit and prepayment	284	302
Amount owing by contract customers	5,997	4,234
Fixed deposits with licensed banks	6,567	9,744
Cash and bank balances	104	142
Properties held for resale	418	-
	<u>26,629</u>	<u>28,570</u>
CURRENT LIABILITIES		
Trade payables	1,646	3,456
Other payables and accruals	465	860
Bank overdraft	3,747	1,824
Short term borrowings	1,010	1,621
Provision for taxation	56	622
	<u>6,924</u>	<u>8,383</u>
NET CURRENT ASSETS	<u>19,705</u>	<u>20,187</u>
	<u>28,298</u>	<u>26,474</u>
FINANCED BY:-		
Share capital	17,358	8,360
Share premium	1,145	8,467
Retained profits	5,029	4,804
Reserve on consolidation	4,031	4,031
SHAREHOLDERS' EQUITY	<u>27,563</u>	<u>25,662</u>
Hire purchase payables	676	753
Deferred taxation	59	59
	<u>28,298</u>	<u>26,474</u>
NET TANGIBLE ASSETS PER SHARE (sen)	<u>15.88</u>	<u>30.70</u>

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 FOURTH QUARTER ENDED 30 SEPTEMBER 2005 (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
Bonus issue of 1:1	8,679	(8,679)	-	-	-
Bonus issue expenses	-	(80)	-	-	(80)
Net profit for the period	-	-	2,725	-	2,725
Dividend paid	-	-	(2,500)	-	(2,500)
At 30 September 2005	<u>17,358</u>	<u>1,145</u>	<u>5,029</u>	<u>4,031</u>	<u>27,563</u>
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	-	-	5,449	-	5,449
Dividend paid	-	-	(1,201)	-	(1,201)
At 30 September 2004	<u>8,360</u>	<u>8,467</u>	<u>4,804</u>	<u>4,031</u>	<u>25,662</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.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2005 (The figures have not been audited)

	Quarter Ended 30/09/2005 RM'000	Quarter Ended 30/09/2004 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	4,219	7,895
Adjustments for:-		
Non cash items	635	694
Non operating items	(73)	(579)
Operating profit before working capital changes	4,781	8,010
Net changes in current assets	(1,275)	(8,159)
Net changes in current liabilities	(2,205)	179
Cash from operations	1,301	30
Interest paid	(307)	(194)
Income tax paid	(2,060)	(2,814)
Net cash for operating activities	(1,066)	(2,978)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	300	334
Purchase of property, plant and equipment	(1,932)	(1,595)
Proceeds from disposal of equipment	219	-
Long term investment	(1,000)	-
Net cash for investing activities	(2,413)	(1,261)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
(Decrease)/Increase in bills payable	(611)	191
Repayment of hire purchase obligations	(304)	(552)
Repayment of term loan	-	(754)
Proceeds from issuance of shares	1,756	11,562
Dividend paid	(2,500)	(1,201)
Net cash (for)/from financing activities	(1,659)	9,246
Net (decrease)/increase in cash and cash equivalents	(5,138)	5,007
Cash and cash equivalents at beginning of the year	8,062	3,055
Cash and cash equivalents at end of the period	2,924	8,062
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank	6,567	9,744
Cash and bank balances	104	142
Bank overdraft	(3,747)	(1,824)
	2,924	8,062

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 FOURTH QUARTER ENDED 30 SEPTEMBER 2005

A. EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (formerly known as MASB 26) and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities 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

Save as disclosed in Note B2, 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, 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 financial year-to-date, 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 and 86,790,325 ordinary shares of RM0.10 each were issued pursuant to the 1:1 Bonus Issue.



A7. Dividend Paid

No dividend was paid during the quarter under review.

A8. Segmental Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2005 RM'000	Preceding Year Corresponding Quarter 30/09/2004 RM'000	Current Year To Date 30/09/2005 RM'000	Preceding Year Corresponding Period 30/09/2004 RM'000
REVENUE BY ACTIVITIES				
Contract revenue	5,304	10,404	28,585	49,970
Maintenance income	498	40	1,115	257
Sales of goods	186	363	1,640	927
Rental income	43	6	76	43
Total	6,031	10,813	31,416	51,197

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 30 September 2005, the said hire purchase balance stood at RM616,590.
- 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 2005, 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 22 November 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.

A14. Significant Related Party Transactions

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



B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

The Group registered a revenue and profit before taxation ("PBT") of RM6.0 million and RM371 thousand respectively for the fourth quarter ended 30 September 2005. The reduction in turnover as compared to the preceding year corresponding quarter is mainly due to the timing differences in the execution of projects in hand as a result of Malaysian Government's delay in the implementation of certain projects.

Save as disclosed above, 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

	Current Quarter Ended 30/09/2005 RM'000	Preceding Quarter Ended 30/06/2005 RM'000	Difference	
			RM'000	%
Revenue	6,031	4,691	1,340	28.6
PBT	371	720	(349)	(48.5)

The turnover for the current quarter was increased by 29% as a result of the recovery of the project execution activities and the increased in the recurring maintenance income. PBT for the current quarter ended 30 September 2005 was decreased by 48% to RM0.4 million as compared to RM0.7 million achieved in the preceding quarter. The decrease in the PBT in the current quarter under review was due to the higher profit margin of the jobs rendered in the preceding quarter.

B3. Prospects for the Financial Year Ending 30 September 2006

Going forward, the Directors anticipate that the coming financial year will be a challenging year given the poor market sentiment dooming the construction industry. However, Malaysian Government had allocated RM14.4 billion for development expenditure under the 2006 National Budget. Therefore, the Company is looking forward to garner some benefit from the 2006 National Budget spending especially in the healthcare and education sectors. As a measure to mitigate the slow market condition, the Company is emphasized to boost its recurring service and maintenance income. Barring any unforeseen circumstances, the Directors anticipate that the Group will remain profitable in the financial year ending 30 September 2006.

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 financial year-to-date is higher than the statutory tax rate of 28% due to certain expenses being disallowed for taxation purposes. The effective tax rate for the current quarter is higher than the statutory tax rate of 28% due to the adjustment for the under provision of taxation for the previous quarters during the year 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 Company/Group does not hold any quoted securities as at 30 September 2005.

B8. Status of Corporate Proposals

a) 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 and Bursa Securities RM'000	Actual Utilisation RM'000	Balance RM'000
(i) Investment in DRMSB	1,000	952	48
(ii) Capital expenditure for office expansion	3,100	2,222	878
(iii) Future business expansion	1,000	1,000	-
(iv) Renovation and upgrading of showroom	200	72	128
(v) Purchase of fixed assets	1,000	621	379
(vi) Repayment of term loan	753	753	-
(vii) Working capital	4,472	4,679	(207)
(viii) Listing expenses	1,200	993	207
Total	12,725	11,292	1,433

Note:

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



b) The Proposed Variation And The Extension of The Utilisation of Listing Proceeds

The Board of Directors of Digistar had, on 30 September 2005, approved the extension of time up to one (1) year, from 1 October 2005 to 30 September 2006, for the utilisation of all the remaining proceeds raised through Digistar's Initial Public Offering ("IPO"); and the Company proposes to undertake a variation to the utilisation of item (ii),(iv) and (v) above totalling RM1.385 million of proceeds raised through Digistar's IPO for working capital purposes. Please refer to the Company's Announcement dated 30 September 2005 for full details.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all secured and denominated in Ringgit Malaysia) as at 30 September 2005 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Bank overdraft	3,747	-	3,747
Trust receipts and bankers acceptance	655	-	655
Hire purchase liabilities	355	676	1,031
Total	<u>4,757</u>	<u>676</u>	<u>5,433</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 22 November 2005, being the date not earlier than 7 days from the date of this announcement.

B11. Material Litigation

Reference was made to the Company's announcements dated 3 May 2005 and 5 May 2005. For ease of reference, the details of the material litigations are summarised as follows:-

Digistar Holdings Sdn Bhd ("DHSB"), a wholly-owned subsidiary of the Company was awarded with two projects by Maju Holdings Sdn Bhd ("MHSB"), namely Pusat Teknologi Pengurusan Intan Bukit Kiara ("MTC INTAN PROJECT") and Kolej Matrikulasi Kubang Pasu ("KUBANG PASU PROJECT") with the following details:-

	<u>MTC INTAN PROJECT</u>	<u>KUBANG PASU PROJECT</u>
Date of Letter of Award	15 November 2000	27 August 2001
Contract Amount	RM2,637,561.00	RM1,400,000.00
Variation Order	<u>RM3,000,000.00</u>	-
Total Contract	<u>RM5,637,561.00</u>	<u>RM1,400,000.00</u>



B11. Material Litigation (Cont'd)

Upon the completion of MTC INTAN PROJECT in February 2002, KUBANG PASU PROJECT together with Kolej Matrikulasi Gambang Project in March 2003, MHSB owed DHSB a total amount of RM1,740,765.60. After numerous attempts to collect the outstanding amount, DHSB managed to collect a total of RM340,068.26 from MHSB over the period until 14 January 2005.

As the projects have been completed more than 2 years ago the Board of the Company had decided to commence legal action against MHSB to recover the total amount outstanding of RM1,400,697.34 by sending a Letter of Demand on 14 January 2005. On 2 February 2005, DHSB served a notice pursuant to Section 218(2) of the Companies Act, 1965 to MHSB. MHSB immediately paid RM100,000.00 to DHSB on 3 February 2005. However, the Board of the Company was dissatisfied with the amount received and indicated its intention to proceed with the filing of petition to wind-up MHSB vide a letter dated 8 February 2005.

On 3 March 2005, DHSB received a Letter of Demand from MHSB's lawyer claiming for RM7,483,580.00 for purported Liquidated and Ascertained Damages ("LAD") on the late completion of the abovementioned two (2) projects. DHSB has replied to MHSB vide a letter dated 18 March 2005 denying that the delay in completing the two projects (if any) was caused by DHSB and is not responsible and could not be made responsible to pay the LAD claim of RM7,483,580.00, MHSB has not suffered any LAD from the employer of the abovementioned projects. The Board of the Company was of the opinion that the claims made by MHSB were for the purposes of delaying DHSB's legal action to recover its trade debts from MHSB.

On 29 April 2005, MHSB served a Writ of Summons and Statement of Claim which are dated 31 March 2005 to DHSB and inter-alia alleged that DHSB were late in the completion of the abovementioned projects. MHSB is claiming for inter-alia LAD of RM7,483,580.00, interest and costs.

DHSB has completed the above projects in accordance with the terms of the contracts and its site conditions. MHSB had issued Statement of Final Account for both projects to DHSB on 30 June 2004 without any indication of LAD issue.

The Board of the Company was of the opinion that DHSB has a strong defence against the purported claim of LAD by MHSB. DHSB is of the opinion that the filing of the suit by MHSB is merely an attempt to delay DHSB's legal action to recover its trade debts from MHSB.

No immediate financial and operational impact is expected on the DCB Group as the amount due from MHSB has been provided in full. The Company does not expect to incur any losses (other than the legal fees) arising from the said Writ and Statement of Claims. DHSB had entered an appearance and filed a defence. The Court had fixed a hearing date on 14 December 2005.

B12. Dividends

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



13. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2005	Preceding Year Corresponding Quarter 30/09/2004	Current Year To Date 30/09/2005	Preceding Year Corresponding Period 30/09/2004
(a) Basic Earnings Per Share				
Net profit attributable to members of the Company (RM'000)	74	1,212	2,725	5,499
Weighted average number of ordinary shares in issue	173,580,650	173,065,469	167,153,520	144,456,235
Basic earnings per share (sen)	0.04	0.70	1.63	3.81
(b) Diluted Earnings Per Share				
Net profit attributable to members of the Company (RM'000)	74	1,212	2,725	5,499
Weighted average number of ordinary shares in issue	173,580,650	173,065,469	167,153,520	144,456,235
Adjustment for assumed exercise of ESOS	-	601,628	6,474,353	2,970,441
Adjusted weighted average number of ordinary shares in issue and issuable	173,580,650	173,667,097	173,627,873	147,426,676
Diluted earnings per share (sen)	0.04	0.70	1.57	3.73

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 22 November 2005.