ANNUAL REPORT 2019

DIGISTAR CORPORATION BERHAD

COMPANY NO. : 200301001232 (603652-K)

CONSTRUCTION | HOTEL MANAGEMENT | TELCO | TOTAL SECURITY SOLUTION | HOTEL MANAGEMENT
PROPERTY DEVELOPMENT | COMMUNICATION

CORPORATE INFORMATION

CORPORATE OFFICE

B6/4/4, 3rd Floor One Ampang Business Avenue Jalan Ampang Utama 1/2 68000 Ampang, Selangor Darul Ehsan
Tel : +6 (03) 4253 4319 | Fax : +6 (03) 4257 2168

BOARD OF DIRECTORS

Tan Sri Dato' Ir. Hj. Zaini Bin Omar (Independent Non-Executive Chairman)
Mejar (K) Datuk Wira Lee Wah Chong (Group Managing Director)
Dato' Haji Ishak Bin Haji Mohamed (Senior Independent Non-Executive Director)
Thee Kok Chuan (Independent Non-Executive Director)
Lee Mey Ling (Executive Director)
Lee Jin Jean (Executive Director)
Lee Chun Szen (Executive Director)

AUDIT COMMITTEE

CHAIRMAN
Tan Sri Dato' Ir. Hj. Zaini Bin Omar
Independent Non-Executive Chairman
MEMBERS
Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director
Thee Kok Chuan
Independent Non-Executive Director

NOMINATION COMMITTEE

CHAIRMAN
Tan Sri Dato' Ir. Hj. Zaini Bin Omar
Independent Non-Executive Chairman
MEMBERS
Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director
Thee Kok Chuan
Independent Non-Executive Director

REMUNERATION COMMITTEE

CHAIRMAN
Tan Sri Dato' Ir. Hj. Zaini Bin Omar
Independent Non-Executive Chairman
MEMBERS
Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director
Thee Kok Chuan
Independent Non-Executive Director
Mejar (K) Datuk Wira Lee Wah Chong
Group Managing Director

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)

REGISTERED OFFICE

Level 2, Tower 1
Avenue 5, Bangsar South City 59200
Kuala Lumpur
Tel : +6 (03) 2241 5800
Fax : +6 (03) 2282 5022

AUDITOR

Mazars PLT
Chartered Accountants Wisma Golden
Eagle Realty 11th Floor South Block
142-A, Jalan Ampang
50450 Kuala Lumpur
Tel : +6 (03) 2161 5222
Fax : +6 (03) 2161 3909

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 30, Tower A Vertical
Business Suite Avenue 3, Bangsar
South No. 8, Jalan Kerinchi 59200
Kuala Lumpur
Tel : +6 (03) 2783 9299
Fax : +6 (03) 2783 9222

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad ("Bursa Securities")
Stock Name : DIGISTA
Stock Code : 0029

CONTENTS

GROUP STRUCTURE

as at 26 January 2020

DIGISTAR CORPORATION BERHAD

- 100% Digistar Construction (M) Sdn Bhd
- 100% Rauland Asia Sdn Bhd
- 100% Matang Makmur Holdings Sdn Bhd
  - 70% Indera Persada Sdn Bhd
- 100% Nielsen Ward Sdn Bhd
- 100% Sakura Management Sdn Bhd
- 100% Seni Pujaan Sdn Bhd
- 100% Digistar Holdings Sdn Bhd
  - 100% Digistar Properties Sdn Bhd
  - 51% Wemal Maxi-Protect Sdn Bhd
  - 96% Protecs A & A CMS Sdn Bhd
- 80% Digistar Rauland MSC Sdn Bhd
- 100% Mulia Optima Sdn Bhd
- 100% Jaya Persada Sdn Bhd
- 100% Full Image Sdn Bhd

CORPORATE DIVISION

DIGISTAR CORPORATION BERHAD

DIVISION 1

SYSTEM ENGINEERING AND INTEGRATION
A. AUDIO VISUAL ENGINEERING
B. TOTAL SECURITY ENGINEERING
C. BROADCAST ENGINEERING

DIVISION 2

INTERACTIVE PAY TV (IPTV)

DIVISION 3

CENTRAL MONITORING SYSTEM

DIVISION 4

PROPERTY DEVELOPMENT AND CONSTRUCTION

DIRECTORS' PROFILE

TAN SRI DATO' IR. HJ. ZAINI BIN OMAR Independent Non-Executive Chairman

Tan Sri Dato' Ir. Hj. Zaini Bin Omar, a Malaysian aged 70, was appointed as the Chairman of the Company on 10 March 2017. He graduated with a Bachelor of Engineering from James Cook University of North Queensland, Australia and Bachelor of Laws from University Of London. He obtained his professional engineering status in 1986 and was admitted as an Advocate and Solicitor in 1988. He started as electrical engineer serving from 1975 to 1989. From 1990 to 1994, he was second- ed to the Department of Electricity Supply, ending up as the Deputy Director General. From 1995 to 1999, he was the Director General of Department of Civil Aviation ("DCA"). He saw over the construction of the KLIA and he was also responsible for stabilising the DCA which was in turmoil for many years. He also oversaw the growth of the aviation sector.

In year 2000, he returned to JKR as the Deputy Director General 1. In October, the same year, he was promoted to the post of Director General and retired in 2005. He was then appointed as the first Chairman of Suruhanjaya Pengurusan Air Negara, the water regulatory body. He was also appointed as the Head of the Special unit for overseas project at unit Perancang Ekonomi until 2009.

He has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years.

Tan Sri Dato' Ir. Hj. Zaini Bin Omar attended four (4) out of five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019.

MEJAR (K) DATUK WIRA LEE WAH CHONG Group Managing Director

Mejar (K) Datuk Wira Lee Wah Chong, a Malaysian aged 61, was appointed as the Managing Director of the Company on 18 August 2003. He is also a member of the Remuneration Committee. He graduated with a Diploma in Electronic Engineering from the Federal Institute of Technology in 1982. He continued to enhance his technical knowledge by attending courses on advanced system applications in the United States of America. He is the founder of Digistar Group which started as an audio visual system provider in 1982 which expanded to a total solution provider in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems. As the Managing Director of the Group, Mejar (K) Datuk Wira Lee has been the main driving force of the Group since 1982. His sound technical background and management skills have taken the Group to the forefront of the system integration industry.

He also sits on the Board of Directors of various other private companies and does not have any directorship in other public companies. He has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years. His sister Madam Lee Mey Ling, his daughter Ms Lee Jin Jean and his son, Mr Lee Chun Szen are members of the Board.

Mejar (K) Datuk Wira Lee Wah Chong attended four (4) out of five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019 .

DATO' HAJI ISHAK BIN HAJI MOHAMED Senior Independent Non-Executive Director

Dato' Haji Ishak Bin Haji Mohamed, a Malaysian aged 66, was appointed as Senior Independent Non-Executive Director of the Company on 27 May 2011. He was also simultaneously appointed as a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. He graduated from University of Wisconsin USA with a Masters in Public Policy in 1992 and Universiti Sains Malaysia with a Bachelor of Social Science 1983. He last served the Malaysian Immigration Department as the Director of Enforcement and previously held several key positions, namely as Director of Immigration for Perak, Secretary General of the Welfare and Sports Council, Intan and Assistant Principal Director of Public Service Department.

He also sits on the Board of Directors of various other private companies and does not have any directorship in other public companies.

He has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years.

Dato' Haji Ishak Bin Haji Mohamed attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019.

THEE KOK CHUAN Independent Non-Executive Director

Mr Thee Kok Chuan, a Malaysian aged 43, was appointed as an Independent Non-Executive Director of the Company on on 26 May 2016. Mr Thee began his accounting profession as an Audit Assistant where he served the firm for four years. Thereafter, he joined a medium-size audit rm as a Senior Auditor and promoted to the Head of Audit thereafter. He has more than 12 years of audit, accounts, GST advisor practice experience, he handled small and medium-sized audits, accounts and GST for companies engaged in trading, manufacturing, plantation, construction, property holding and service industries. He has been involved in government agencies' audit. He is actively involved in the society to carrout his social responsibility and contribution. Mr Thee started his own practice, an accounting rm, in the year 2005, Mr Thee is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants ("MIA"), Chartered Tax Institute of Malaysia ("CTIM") and fellow member of the Association of Chartered Certified Accountants ("ACCA") of United Kingdom.

He does not have any directorship in other public companies.

He has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years.

Mr Thee attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019.

LEE JIN JEAN Executive Director

Ms Lee Jin Jean, a Malaysian aged 32, was appointed as Executive Director of the Company on 7 August 2013. She completed her professional studies at the Australia National University, graduating with a Degree in Economics and Finance. She has gained experience in the banking industry.

She does not have any directorship in other public companies.

Her father, Mejar (K) Datuk Wira Lee Wah Chong and her aunty Madam Lee Mey Ling and her brother, Mr Lee Chun Szen are members of the Board.

She has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years.

Ms Lee attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019.

LEE MEY LING Executive Director

Madam Lee Mey Ling, a Malaysian aged 46, was appointed as Executive Director of the Company on 30 May 2018. She graduated from University Of Curtin University of Technology, Western Australia with Bachelor of Accountancy in 1997. She was admitted as a member of Malaysia Institute of Accountants and The Associate of Practising Accountants (CPA) in 2003. She started her career with Deloitte in 1998 and resigned as Audit Senior in 2003. She joined Glomac Berhad as Assistant Manager for three (3) years from 2003 to 2006 before joining a multinational company, Sumiden Electronic Material (M) Sdn Bhd, a subsidiary company of Sumitomo Electronic in Japan. She joined Digistar Group on 1 June 2014.

She does not have any directorship in other public companies.

Her brother, Mejar (K) Datuk Wira Lee Wah Chong and her niece Ms Lee Jin Jean and her nephew, Mr Lee Chun Szen are members of the Board.

She has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years.

Madam Lee attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019.

LEE CHUN SZEN Executive Director

Mr Lee Chun Szen, a Malaysian aged 28, was appointed as Executive Director of the Company on 10 April 2015. He has completed his studies in the Royal Melbourne Institute Of Technology as a graduate and obtaining his Diploma studies in Engineering. He has gained experience in the Engineering industry. Mr Lee owns his own IT business in Australia having great experience in the IT business. Mr Lee has also worked for a few months in an emerging Oil & Gas Company in Australia during his school days.

He does not have any directorship in other public companies.

His father, Mejar (K) Datuk Wira Lee Wah Chong and his aunty Madam Lee Mey Ling and his sister, Ms Lee Jin Jean are members of the Board.

He has no conflict of interest with the company, and has no conviction for any offences (except for traffic offences, if any) within past 10 years.

Mr Lee attended all five (5) Board of Directors' Meeting held during the financial year ended 30 September 2019.

PROFILE OF KEY SENIOR MANAGEMENT

CHLOE CHOONG LEE CHIN, Senior Human Resource Director

Ms Chloe Choong, female, Malaysian, aged 58, joined Digistar Group on 7 July 2014. As Senior Human Resource Director, she provides leadership, direction and guidance in all areas of HR. Her responsibilities include people planning & strategy, talent acquisition & retention, learning & development, compensation & bene ts, employee relations and Group policy.

In addition, she plays an instrumental role in striking for a high-performing organization of diversied workforce and cultivate the company culture to reinforce the Group's guiding principles and core mission values of professionalism, teamwork, commitment, innovation, integrity, sustainability and technology advancement.

She holds a Diploma in Management from Institute of Administrative Management, United Kingdom and she possess nearly 20 years of experience in human resources. Her work achievements span over 3 decades in various industries including automotive, electronic security, engineering, construction, education and hospitality. She started her career with Kah Motor Sdn Bhd in 1980 and joined Shangri-La Hotel, Kuala Lumpur, APM Management Consultant, Tyco Engineering & Construction (M) Sdn Bhd and Tyco ADT Fire & Security Sdn Bhd.

PETER TAN PE TEIK, General Manager of Imperial Heritage Hotel Melaka

Mr Peter Tan, male, Malaysian, aged 52, joined Digistar Group on 15 December 2016. He graduated with a Certi cate in Food & Beverage Management from The Singapore Hotel & Tourism Education Centre, Singapore in 1991.

He has served in the hospitality industry for the past 27 years starting as a Steward Supervisor in Orchard Hotel Singapore, left in 1994 to join TGI Fridays Inc (Kuala Lumpur/Singapore/Melbourne) as Assistant General Manager. He was the Director of Operations for Paradise Sandy Beach Resort and Hydro Majestic Hotel Penang for eight (8) years before joining Paling Construction to open GoldenBay Hotel Bintulu as the General Manager in 2015.

QUEK CHIN THOR, Chief Financial Officer

Mr Quek Chin Thor, male, Malaysian, aged 43, joined Digistar Group on 26 October 2018. He graduated with an Accounting & Finance from Royal Melbourne Institute Of Technology and Masters in Business Admin from University of Southern Queensland.

He started his professional career with Olympia Land Berhad and was employed as Head Shared Service for SATS Ltd in Malaysia before joining Digistar Corpation Berhad. He has more than 22 years of working experience in business unit finance which included financial controlling, treasury, audit, financial planning and analysis. Besides that, he has owned a couple of businesses with wide experience in operations, strategy, marketing and general management.

CHAIRMAN'S STATEMENT

"Dear Shareholders, On behalf of the Board of Directors, I am pleased to present the Annual Report for Digistar Corporation Berhad "Digistar" for the financial year ended 30 September 2019."

REVIEW OF PERFORMANCE

The Group recorded revenue of RM56.8 million for financial year 2019, 1% lower than the previous year of RM57.3 million. However, it incurred net profit before tax of RM1.88 million as compared to net loss before taxation of RM11.54 million in the previous year. Loss per share ended at 0.43 sen in 2019 as compared to loss per share of 2.75 sen in 2018. The Group shareholder funds for FY2019 reduced to RM61 million as compared to RM63 million for FY2018 while the Net Asset Share declined to 9 sen for FY 2019 as compared to 10 sen for FY 2018. The construction revenue of RM6.8 million constituted 12% of our Group's revenue and the hospitality segment constituted 30% which have improved significantly, revenue has increased from RM16.7 million in Year 2018 to RM17.0 million in Year 2019. Concession assets interest continue to be the main revenue for Year 2019 at RM24.3 million which is 43% of total revenue.

OUTLOOK

In the light of current global economic environment continues to be uncertain whilst the foreign exchange rates remain volatile, we will continue to manage our business prudently. On another positive note, Malaysia economy is projected to grow by 4.4% GDP in 2020. In view of this, we are positive to achieve further growth in our businesses.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our sincere appreciation to the management and employees at all levels in the Group for the support and commitment. We also thank you, our shareholders as well as our customers, suppliers, bankers, business associates, government agencies and regulatory authorities, for the support to Digistar during the year.

TAN SRI DATO' IR. HJ. ZAINI BIN OMAR
Chairman
21 January 2020

MANAGING DIRECTOR'S REPORT

"The Group reported a revenue of RM56.77 million as compared to RM57.29 million in the previous year. The Group incurred a profit before tax of RM1.88 million as compared to a loss before tax of RM11.39 million in preceding year."

The Imperial Heritage hotel in Melaka historical city shall continue to contribute to the growth of the Group's revenue. We target additional 15% to 20% growth in year 2020. The Imperial Heritage serviced apartment cum hotel in the heart of Melaka (a UNESCO World Heritage Site) has contributed positively to the group results. The revenue for the hotel has reached RM17.0 million for FY 2019, an increase of 2% as compared to previous year.

Our Group's competitive advantages and key strengths that will enable the group to compete successfully as well as to provide the Group with growth prospects. The competitive advantages and key strengths of the group are set below:

- Our Group's track record and established reputation as a comprehensive system integration solutions provider since the commencement of its business in 1982;
- Our Group's expertise in providing customized solutions in systems engineering and integration to meet its customer's requirements; and
- Our services provided to large user-industries and central government which is a key strength as itenables the Group to sustain its business and future growth.

In view of the above, our board believes that the prospect of the Group is favorable after having considered all the relevant aspects including the outlook of the related industries which are closely linked to the Group's business performance.

ACKNOWLEDGEMENT AND APPRECIATION

The group continues remain vigilant in its action and proactive in management while operating in a robust and highly competitive business environment.

I believe that FY2020 will be a positive year for Digistar. I would like to extend my deepest appreciation to our shareholders, other stakeholders, the management and the staff of Digistar for their confidence and unwavering support throughout FY 2019. I also wish to extend my sincere thanks to my fellow Board members for their commitment and invaluable advice. I hope this good relationship that we have built will continue to ourish well in to the future.

MEJAR (K) DATUK WIRA LEE WAH CHONG
Managing Director
21 January 2020

MANAGEMENT DISCUSSION AND ANALYSIS

"This Management Discussion & Analysis [MD & A] of Financial Condition and Results of Operations formally cover from 1 October 2018 to 30 September 2019."

OVERVIEW OF RESULTS

We are an Investment holding company. Through our subsidiaries, we are principally involved in the system integration i.e. design, supply, installation and integration of IT infrastructure, tele-conferencing, LANs, interactive media management systems, radio and television news automation telecommunication systems, integrated audio and visual systems, and other related electronic systems. Our target market is mainly the local system and users, particularly in higher learning institutions, hospitals as well as public and private buildings. As a system integrator, we principally design and install the most appropriate systems and/ or equipment to suit each individual environment.

For the past 5 years, the group diversified into construction, property development, central monitoring system (CMS) and hotel management.

Our gross revenue for the Group is RM56.8 million and was mainly generated from concession. For the FY 2019, the concession contributed approximated RM32.4 million or 57% of our Group's revenue. The systems integration division contributed RM11.7 million for the Group's revenue which constitute 21% of the total revenue.

The remaining were contributed from hotel management, trading of electronic and electrical components and products, electronic systems maintenance and support services, rental of TV set as well as rental income received from two (2) rented out properties to third parties.

Our operations are carried out through of our subsidiaries as follows:

Digistar Holdings Sdn Bhd, which is principally involved in designed, supply, installation and integration of IT infrastructure, tele-conferencing, LANs, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems, and other related electronic systems and hotel and resort management;

Digistar Rauland MSC Sdn Bhd, which is principally a health television operator, involved in the rental of TV set to local hospitals;

Rauland Asia Sdn Bhd, which is principally involved trading of electronic equipment and CMS services.

Digistar Properties Sdn Bhd, which is principally involved in property holding and property management, which include the renting, maintaining and upkeep of properties;

Seni Pujaan Sdn Bhd, which is principally involved in property developments and hotel management;

Matang Makmur Holdings Sdn Bhd, which is currently principally engaged in the business of investment holding.

Indera Persada Sdn Bhd, which is currently providing asset management service for the concession asset.

Digistar Construction (M) Sdn Bhd, which is currently involved in construction work of concession asset.

Protecs A&A CMS Sdn Bhd, which is principally involved in CMS services.

Full Image Sdn Bhd, which is principally involved in CMS services.

Wemal Maxi-Protect Sdn Bhd, which is principally involved in CMS services.

Sakura Management Sdn Bhd, which is principally involved in Property management.

Mulia Optima Sdn Bhd, which is principally involved in Property investment.

Jaya Persada Sdn Bhd, which is incorporated as a special purpose vehicle company.

Nielsen Ward Sdn Bhd, which is principally involved in the business of money lender.

OUR BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

We focus on the provision of a range of systems engineering integration solutions. Although our solutions can be customized for use in any industry, we are currently focusing on the audio- visual, broadcasting and security sectors, besides sourcing software and equipment for our system engineering and integration services, we also trade hardware and software as part of our business model. We also provide after-sales support to our customers by providing systems and equipment maintenance services.

Our other business activities are rental of TV set, property holding, central monitoring system, telecommunication, construction activities and hotel management.

System engineering and integration

The provision of systems engineering and integration solutions is undertaken by our subsidiary, Digistar Holdings Sdn Bhd. Our system engineering and integration solution mainly covers construction contracts. This division generated revenue of RM7,3 million to the Group and incurred net loss of RM1.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Central Monitoring System (CMS)

The ICT business continues to contribute "consistent recurring income" even thought the industry faced more challengers. "Panther Mobile", launched in 2017 was expected to contribute long-term recurring income for the company.

Digistar's CMS offers monitoring services via a comprehensive internet protocol-based platform and hi-tech surveillance system. It can switch to sun on 3G, 4G and LTE networks during the power disruptions. The 24-hour real-time monitoring services would be offered to residential, commercial, industrial and public properties, covering a wide range of surveillance including alarms system for the elderly, infant, vehicle and self-monitoring. The system is licenced under the Home Affairs Ministry, this CMS can act as a bridge between the police and the public. This division generated revenue of RM4.4 million to the Group and incurred net loss of RM2.4 million.

Construction / concession division

Our subsidiary, Indera Persada Sdn Bhd, have entered into an agreement with the Government of Malaysia to carry out the design, development, construction and completion of the buildings, structures, equipment plants, machinery, installation, facilities and infrastructure (together with the necessary amenities, utilities and fittings and fixtures which are to be designed, constructed, installed, developed and completed on a parcel of leasehold and held under land title details Pt 3287 H.S(D) 21930 measuring approximately 110 acres situated in Mukim Taboh Naning, Daerah Alor Gajah, Malaka ie for construction of the national Technology Advancement Centre or JKR Institute. The concession period for the project are 18 years which covered the construction period for 3 years and asset management services period for 15 years from 1 September 2016 – 31 August 2031. This division generated revenue of RM32.3 million to the Group and achieved net profit before tax of RM9.6 million.

Hotel Management – The Heritage

The other part of our business is property development and hotel management, which is undertaken by our subsidiary, Seni Pujaan.

THE HERITAGE is a unique and exciting development that combine the elements of classical architectural design & ingenuity, features modern and contemporary lifestyle in the heart of Melaka town, a UNESCO World Heritage Site, one of the most vibrant states and rich in historical influence in the country. Strategically, located within walking distance to the most popular tourism spots. The HERITAGE offer our valued customer and exclusive property investment in Melaka, Malaysia to meet the demands more than 10 million visitors every year. THE HERITAGE complete with facilities such as centralized MATV & IPTV systems, WIFI and internet access, 24 hours security systems.

This division generated revenue of RM16.4 million to the Group and achieved loss of RM0.6 million. In 2020, we target additional revenue from rooms division of 15% as compared to 2019.

SUSTAINABILITY STATEMENT

The Group strives to adopt a progressive approach in integrating sustainability in everything that we do. We believe that firm commitment to sustainability form the foundation of good corporate citizenship and upholds the utmost level of corporate governance. We endeavor to manage our business in a socially responsible manner that align to our Group's business strategy. Apart from looking into the interest of our stakeholders, customers, investors, employees and suppliers, we also pay attention in creating a favorable influence on the larger community.

HUMAN CAPITAL DEVELOPMENT

The Group fosters a conducive and dynamic working environment to encourage development of all employees. Employees are given the opportunity to develop and upgrade their skills, knowledge and attitudes. Continuous training and development programs are provided for employees internally and externally.

WORKPLACE

The Group is committed to treat our employees with respect and dignity. We continually strive to create an inspiring conducive environment.

SUSTAINABILITY STATEMENT

MARKETPLACE

As part of its on-going efforts of enhancing relationship between the Group and its suppliers, customers and other stakeholders, programs for interaction and networking are organised on regular basis. The Group continuously cultivate a transparent and open relationship with its multiple stakeholders.

COMMUNITY

The Group recognizes the importance of adhering to the environment and social needs of the community and will take proactive action in relation to our corporate social responsibility activities, Digistar had contributed philanthropically towards the community in support of charitable event and education.

REWARDS AND RECOGNITION

Digistar Group appreciates and recognises its employees who form the backbone and the pillar of success in the Group. Digistar offers a competitive remuneration package and attractive work place in order to retain quality and high standard workforce.

HEALTH AND SAFETY

Digistar has developed a comprehensive Health and Safety framework and create safety awareness among the employees to ensure a safe and healthy working condition for the employees. Safety measures in place include security guards, surveillance equipment at relevant work locations, appropriate notices on safety measures and ensure that equipment and building system are functioning properly and well maintained.

PROFESSIONAL DEVELOPMENT AND TRAINING

SCHOLARSHIP

Digistar Group believes that education is an integral component in empowering and enlightening the young to become leaders of tomorrow

Under the Scholarship, the students required to undergo a Company-selected course at an institution determined by the Company on a full-time basis. Thereafter, the students shall undergo a full time practical training which may be conducted in-house or at selected institutions and organizations, both local and oversea training.

Upon completion of the Training Period, successful students will be offered employment as well as opportunity to undergo further trainings overseas and career advancements with the Group.

The Group shall sponsor the costs of the full time course and practical training, provide monthly allowance and hostel accommodation.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“Proposed Share Buy-Back Renewal”)

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this proposed Renewal of Share Buy- Back Authority (“Statement”) prior to its issuance. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE BY DIGISTAR CORPORATION BERHAD (“DIGISTAR” OR “THE COMPANY”) OF ITS OWN ORDINARY SHARES (“DIGISTAR SHARES(S)” OR “SHARES(S)”) ON THE MAIN MARKET OF BURSA SECURITIES OF UP TO TEN PER CENTUM (10%) OF ITS EXISTING TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL”)

Any share buy-back, if implemented pursuant to the proposed Renewal, is expected to potentially benefit the Company and its shareholders as follows:

(A) It will enable the Company to utilise its surplus financial resources which is not immediately required for other uses to purchase Digistar Shares from the market. This may help to stabilise the supply and demand of Digistar Shares traded on the Main Market of the Bursa Securities and thereby support its fundamental value;

(B) The purchase of its own shares by Digistar, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Digistar Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in Digistar due to the increase in the Company’s earnings per share; and

(C) The purchased Digistar Shares can be held as treasury shares and resold on the Main Market of Bursa Securities at a higher price with the intention of realising potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3. RETAINED PROFITS

Based on the audited financial statements for the year ended 30 September 2019, the accumulated losses of the Company stood at RM44,473,077. Based on the unaudited First Quarter financial results for the period ended 31 December 2019, the accumulated losses of the Company stood at RM45,927,240.

4. SOURCE OF FUNDS

The funding for the proposed Share Buy-Back will be from Company's internally generated funds and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the proposed Renewal. The proposed Renewal will reduce the cash of the Company by an amount equivalent to the purchase price of Digistar Shares and the actual number of Digistar Shares to be bought back. There is no restriction on the type of funds which may be utilised for the proposed Renewal so long as it is backed by an equivalent amount of retained profits of the Company.

In the event of the Company decides to utilise external borrowings to finance the proposed Renewal, there will be a reduction in its net cash flow to the extent of the interest cost associated with such borrowings but the Board of Directors ("Board") of Digistar does not foresee any difficulty in the serving of interest and repayment of the borrowings used for the proposed Share Buy-Back, if any. Based on the audited consolidated financial statements of Digistar as at 30 September 2019, the Group has a net cash and cash equivalent balance of approximately RM21,789,461

5. DIRECT AND INDIRECT INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, Substantial Shareholders and persons connected to the Directors and /or Substantial Shareholders (as defined in the Listing Requirements of Bursa Securities) have any direct or deemed interest in the Proposed Renewal of Shareholders' Mandate for Share Buy-Back and resale of Treasury Shares (if any).

The effect of the Proposed Share Buy-Back Authority on the shareholdings of the Directors and Existing Major Shareholders of the Company based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at 31 December 2019 assuming the Proposed Share Buy-Back Authority is carried out in full by the Company are as follows:

Directors' Shareholdings

Directors	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mejar (K) Datuk Wira Lee Wah Chong	72,772,049	11.18	66,781,873	10.26	72,772,049	12.28	66,781,873	11.27
Lee Jin Jean	328,571	0.05	-	-	328,571	0.06	-	-
Lee Chun Szen	328,571	0.05	-	-	328,571	0.06	-	-

Notes:-

1) The direct interest of 72,772,049 shares comprised:

(a) 23,257,200 shares held by Mejar (K) Datuk Wira Lee Wah Chong.

(b) 49,514,849 shares held by Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mejar (K) Datuk Wira Lee Wah Chong.

2) The indirect interest of 66,781,873 shares comprised:

(a) 65,203,526 shares held by LWC Capital Sdn Bhd ("LWCSB") by virtue of his interest in LWCSB.

(b) 921,205 shares held by his spouse, Datin Wira Wa Siew Yam pursuant to Section 59(11)(c) of the Companies Act 2016.

(c) 328,571 shares held by his daughter, Lee Jin Jean pursuant to Section 59(11)(c) of the Companies Act 2016.

(d) 328,571 shares held by his son, Lee Chun Szen pursuant to Section 59(11)(c) of the Companies Act 2016

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY ("Proposed Share Buy-Back Renewal")

Substantial Shareholders' Shareholdings

Directors	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Wah Chong	72,772,049	11.18	66,781,873	10.26	72,772,049	12.28	66,781,873	11.27
LWC Capital Sdn Bhd	65,203,526	10.02	-	-	65,203,526	11.00	-	-

Notes:-

1) The direct interest of 72,772,049 shares comprised:

(a) 23,257,200 shares held by Mejar (K) Datuk Wira Lee Wah Chong.

(b) 49,514,849 shares held by Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mejar (K) Datuk Wira Lee Wah Chong.

2) The indirect interest of 66,781,873 shares comprised:

(a) 65,203,526 shares held by LWC Capital Sdn Bhd ("LWCSB") by virtue of his interest in LWCSB.

(b) 921,205 shares held by his spouse, Datin Wira Wa Siew Yam pursuant to Section 59(11)(c) of the Companies Act 2016.

(c) 328,571 shares held by his daughter, Lee Jin Jean pursuant to Section 59(11)(c) of the Companies Act 2016.

(d) 328,571 shares held by his son, Lee Chun Szen pursuant to Section 59(11)(c) of the Companies Act 2016

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

For the potential advantages of the proposed Share Buy-Back to the Company and its shareholders, kindly refer to section 2 of this Statement.

The potential disadvantages of the proposed Share Buy-Back to the Company and its shareholders are as follows:

(a) the proposed Share Buy-Back will reduce the financial resources of the Digistar and its subsidiaries ("Group") and may result in the Group forgoing better investment opportunities that may emerge in the future;

(b) the cash flow of the Company may be affected if the Company decides to utilise bank borrowings to finance a share buy- back;

(c) as the proposed Share Buy-Back can only be made out of the retained profits of the Company, it will result in a reduction in the financial resources available for distribution to shareholders of the Company in the immediate future; and

(d) the proposed Share Buy-Back will reduce the consolidated net assets of the Company if the purchase price of Digistar Shares is higher than the consolidated net assets of the Company at the time of purchase.

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

7. PUBLIC SHAREHOLDING SPREAD

As at 31 December 2019, the public shareholding spread of the Company based on the Issued Share Capital was 78.704%. Assuming the Proposed Renewal of Shareholders' Mandate for Share Buy-Back of 10% of the total number of issued share capital of the Company is carried out in full, and the number of the Company Shares held by the substantial shareholders, Directors and persons connected to the substantial shareholders and/or Directors remain unchanged, the public shareholding spread of the Company would reduce to approximately 76.337%. However, the Company will ensure that it will not purchase its own Shares which will result in the Company's public shareholding spread falling below the minimum requirement of 25%.

Notwithstanding the above, the Company, in implementing any share buy-back, will be mindful in ensuring that the aforesaid public shareholding spread requirement under paragraph 8.02(1) of the Main Market listing Requirements of Bursa Securities is met and maintained at all times.

8. FINANCIAL EFFECT

The financial effects of share buy-back under the proposed Share Buy-Back on the share capital, earnings, net assets ("NA"), dividend, working capital, substantial shareholders' and directors' shareholdings of Digistar are set out below:

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY ("Proposed Share Buy-Back Renewal")

(A) Share Capital

Assuming the Proposed Renewal Shareholders' Mandate for Share Buy-Back is carried out in full by the Company, the maximum number of shares that the Company can cancel is limited to 65,833,913 shares. The proforma effect on total number of issued share capital of the Company of such a cancellation of shares is summarised below:

	No. of Shares
Total number of issued Share Capital as at 31 December 2019	658,339,134
Less: Maximum number of Shares that may be cancelled	65,833,913
Reduced Issued and Paid-Up Share Capital in the event that the Purchased Shares are cancelled	592,505,221

The proforma effects of share buy-back pursuant to the proposed Renewal on the share capital of Digistar will depend on the intention of the Board with regards to the treatment of the purchased Digistar Shares. If the purchased Digistar Shares are cancelled, it will result in a reduction of the total number of issued shares of the Company as shown in the table above. Conversely, if the purchased Digistar Shares are retained as treasury shares, there will be no effect on the total number of issued shares of Digistar. Nevertheless, certain rights attached to the Digistar Shares will be suspended while they are held as treasury shares.

(B) Earnings

The effects of share buy-back under the proposed Renewal on the earnings of the Group would depend on the purchase price and the number of Digistar Shares purchased. The effective reduction in the total number of issued shares of the Company pursuant to a share buy-back will, generally, with all else being equal, have a positive impact on the consolidated earnings per share of the Company.

(C) NA

The effect on the consolidated NA of the Company will depend on the number of Digistar Shares to be purchased, the purchase price of the Digistar Shares, the effective cost of funding and the treatment of the purchased Digistar Shares.

(D) Dividend

No dividend has been declared in respect of financial year ended 30 September 2019. Barring unforeseen circumstances, the dividends to be declared by Digistar, if any, in respect of the current financial year ending 30 September 2020 would depend on amongst others, the cash availability, retained profits, cash flow position and funding requirements of the Digistar Group.

(E) Working capital

Share buy-back pursuant to the proposed Renewal would reduce funds available for working capital purposes of the Company, the quantum of which would depend on the purchase price, the actual number of Digistar Shares purchased and any associated costs incurred in making the purchase.

9. IMPLICATION OF THE MALAYSIAN CODE ON TAKEOVERS AND MERGERS 2016 (THE "CODE")

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

Based on the Register of Substantial Shareholders as at 31 December 2019, the substantial shareholder of the Company, namely LWC CAPITAL SDN BHD has a shareholding of 65,203,526 Shares, through its direct shareholdings, representing approximately 10.02 % equity interest in the Company. The Board does not anticipate any implication relating to the Code on the Company and its Shareholders in the event the Proposed Share Buy-Back Authority of up to ten percent (10%) of the issued and paid-up capital of the Company is carried out in full.

10. PURCHASE, RESALE, TRANSFER AND CANCELLATION OF TREASURY SHARES IN THE PRECEDING 12 MONTHS

In the preceding 12 months from the LPD, the Company did not purchase any Digistar Shares from the open market or transfer, resale and/or cancel any treasury shares.

11. HISTORICAL SHARE PRICE

The monthly highest and lowest share prices of the Digistar Shares as traded on Main Market of Bursa Securities for the past 12 months from January 2019 to December 2019 are set out below

2019	High (RM)	Low (RM)
January	0.055	0.045
February	0.055	0.045
March	0.050	0.045
April	0.055	0.045
May	0.050	0.040
June	0.045	0.040
July	0.055	0.045
August	0.060	0.050
September	0.050	0.040
October	0.050	0.040
November	0.045	0.040
December	0.045	0.040
Last transacted share price on LPD	0.040	

(Source: Investing.com)

12. DIRECTORS' STATEMENT

Your Directors, having considered all aspects of the proposed Renewal, are of the opinion that the proposed Renewal is in the best interest of the Company.

13. DIRECTORS' RECOMMENDATION

Your Directors are of the opinion that the proposed Renewal is the best interests of the Company and its shareholders. Accordingly, your Directors recommend that you vote in favour of the resolution in relation to the proposed Renewal to be tabled at the forthcoming Annual General Meeting ("AGM").

14. OTHER INFORMATION

There is no other information concerning the proposed Renewal as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making an informed assessment as to the merits of approving the proposed Renewal and the extent of the risks involved in doing so.

APPENDIX I

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of the Company who, individually and collectively, accept full responsibility for the accuracy of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DOCUMENT FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours from the date of this Statement to the date of the Seventeenth AGM:-

(a) Constitution of the Company; and

(b) Audited consolidated financial statements of the Company for the financial years ended 30 September 2018 and 30 September 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Digistar Corporation Berhad ("DCB" or "the Company") is committed to uphold the high standards of corporate governance throughout DCB and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

*Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.digistar.com.my

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board Charter and Board Committees

The Board is responsible for the overall oversight and management of the Group. The Board has established clear functions reserved for the Board and those delegated to Management to enhance accountability. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include inter-alia, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial statements and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter"), which serves as a reference point for the Board activities. The Charter provides guidance for directors and Management regarding the responsibilities of the Board, its Committees and management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Board is committed to take full responsibility for the overall corporate governance of the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Board Charter is available on the Company's website at www.digistar.com.my

The Board has established three (3) Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed periodically in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities.

The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Company Secretary

The Board is supported by Company Secretary in discharging its duties and functions who is a member of the Malaysia Institute of Chartered Secretaries & Administrators ("MAICSA"). The appointment of Company Secretary is based on the capability and proficiency as determined by the Board. The Directors have unrestricted access to the advice and services of the Company Secretary to enable the Directors to discharge their duties effectively. The Company Secretary ensures that the Board is regularly updated on their obligations under relevant regulatory requirements such as Main Market listing Requirements ("MMLR") of Bursa, codes or new statutes issued from time to time and are fulfilled in a timely manner.

The Company Secretary also attends all Board, Board Committee and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meeting.

All Directors have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Group.

Information and support for Directors

The Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board at least seven (7) days before the date of the meeting. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary.

This enables the Directors to discuss the issues effectively at the board meetings. The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

All Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with.

The Chairman of the Board Committees, namely, the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings. When necessary, all Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, The Board has formalised a Director's Code of Conduct, setting out the standards of conduct expected from Directors to inculcate good ethical conduct, the Group has established a Code of Conduct for employees. The Board recognises the importance of adhering to the Code of Conduct and has taken measures to put in place a process to ensure its compliance. Both codes are available on the Company's website at www.digistar.com.my.

Whistle-blowing Policy

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. The Board has formalised a Whistle-blowing Policy, with the aim of providing an avenue for raising concerns relating to possible breaches of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Further details pertaining to the Whistle-blowing Policy can be found at the Company's website.

II. BOARD COMPOSITION

The Board recognizes the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship.

The present Board, Board consist of seven (7) members, comprising four (4) executive Directors and three (3) Independent non-executive Directors. This composition fulfills the requirements as set out in the MMLR, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance, taxation, accounting and audit, legal and economics.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent non-executive Directors bring the objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent non-executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations In compliance with the recommendations of Malaysian Code On Corporate Governance, all of the Independent Directors of the Company has tenure not exceeding a cumulative term of nine (9) years.

Diversity on Board and Senior Management

The composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. The Board, through the Nomination Committee will consider appropriate targets for appointment as Board members in terms of skills, experience, gender, ethnicity and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board.

The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one third of the Board of the Company, whichever is higher are independent directors. The Board compose of 5 males and 2 females to ensure good mix of gender as well. This composition and combination of different skills ensures an effective Board decision- making process and enables the Board to efficiently lead and control the Group. During the financial year, a new Director was appointed. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

The Nomination Committee, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The nomination Committee conducted an assessment of the performance of the Board, as a whole, the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee and individual Directors, based on a self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considered and approved the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting.

Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Independent Director. The Committee meets as and when required, at least once a year. During the financial year, one (1) meeting was carried out, with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	(Chairman)	1/1
Dato' Haji Ishak Bin Haji Mohamed	(Member)	1/1
Thee Kok Chuan	(Member)	1/1

During the financial year, the Nomination Committee had carried out the following activities:

The responsibilities and duties of the Committee are as follows:

i. Review Board and Senior Management succession plans;

ii. Review Board and Gender diversity;

iii. Review the training needs/training programs for the Board and facilitate Board induction and training programs;

iv. Implement an annual assessment on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance of each individual Director, including Non-Executive Directors and Executive Director(s);

v. Review the required mix of skills and experience and other qualities including core competencies which Non-

Executive Directors should bring to the Board

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs a board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments.

An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

(a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.

(b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.

(c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.

(d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.

(e) The Board Chairman had performed in an excellent manner and contributed to the Board.

(f) The performances of the Board Committees were found to be effective.

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact of such regulatory requirements have on the Group. All directors have attended the Mandatory Accreditation programme ("MAP") as required by the MMLR on all directors of listed companies and the Board will continue to evaluate and determine the training needs of its Directors on the on-going basis. During the financial year, the Directors have attended various seminars or briefings which they have collectively or individually considered it useful in discharging their stewardship responsibilities.

The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The Accountant and external Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statement during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

For the financial year ended 30 September 2019, all the seminars and courses attended are as follows:

Name of Director	Date	Programmes/Seminar
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	23 January 2019	Advocacy Session on Corporate Disclosure
Mejar (K) Datuk Wira Lee Wah Chong	23 January 2019	Advocacy Session on Corporate Disclosure
Dato' Haji Ishak Bin Haji Mohamed	23 January 2019	Advocacy Session on Corporate Disclosure
Thee Kok Chuan	13 November 2018	Seminar Percukaian Kebangsaan 2018
	19 September 2019	Workshop on learning and the future of work
	26 February 2019	Special tax voluntary disclosure programme (STVDP)
	15 October 2019	National Tax Seminar 2019
Lee Mey Ling	23 January 2019	Advocacy Session on Corporate Disclosure
Lee Jin Jean	23 January 2019	Advocacy Session on Corporate Disclosure
Lee Chun Szen	23 January 2019	Advocacy Session on Corporate Disclosure

III. REMUNERATION

Remuneration Policy

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration

:

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

Remuneration Committee

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of executive Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual non-executive Director concerned. Directors do not participate in discussion of their individual remuneration.

Majority of Remuneration Committee Members are Independent Non-Executive Directors. During the financial year, one (1) meeting was carried out with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	(Chairman)	1/1
Mejar (K) Datuk Wira Lee Wah Chong	(Member)	1/1
Dato' Haji Ishak Bin Haji Mohamed	(Member)	1/1
Thee Kok Chuan	(Member)	1/1

The responsibilities of Remuneration Committee are as follows:

(i) Support the Board in actively overseeing the design and operation of the Company's remuneration system;

(ii) Review and recommend to the Board on the remuneration of non-executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;

(iii) Review and recommend to the Board on the total individual remuneration package for Executive Directors and senior management personnel including, where appropriate, bonuses and incentive payments within the terms of the agreed remuneration policy and based on individual performance;

(iv) Oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings; and

(v) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and senior management as well as the overall remuneration framework of the Company.

Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the details of individual Directors' remuneration are as follows:-

Remuneration to be disclosed on a named basis:

Company Level

Name	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000')	Allowance/ Benefits in Kind (RM'000)	Total (RM'000')
NON-EXECUTIVE DIRECTORS					
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	60	-	-	-	60
Dato' Haji Ishak Bin Haji Mohamed	50	-	-	29	79
Thee Kok Chuan	50	-	-	-	50

Group Level

Name	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000')	Allowance/ Benefits in Kind (RM'000)	Total (RM'000')
EXECUTIVE DIRECTORS					
Mejar (K) Datuk Wira Lee Wah Chong	1,296	-	-	-	1,296
Lee Mey Ling	108	-	12	18	138
Lee Jin Jean	248	-	28	53	329
Lee Chun Szen	248	-	28	53	329

Group Level

Name	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000')	Allowance/ Benefits in Kind (RM'000)	Total (RM'000')
NON-EXECUTIVE DIRECTORS					
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	60	-	-	-	60
Dato' Haji Ishak Bin Haji Mohamed	50	-	-	29	79
Thee Kok Chuan	50	-	-	-	50

Remuneration of Senior Management

The remuneration of the Senior Managements are set out as follows:-

	Number of Senior Management
RM50,001-RM100,000	2
RM100,001-RM150,000	1
RM150,001-RM200,000	0
RM201,000 to RM250,000	2

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures in the RM50,000 bands. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance.)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT I. AUDIT AND RISK MANAGEMENT COMMITTEE

Audit and Risk Management comprise exclusively of Independent Non-Executive Directors. During the financial year, six (6) meeting was carried out with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	(Chairman)	4/6
Dato' Haji Ishak Bin Haji Mohamed	(Member)	6/6
Thee Kok Chuan	(Member)	6/6

Tan Sri Dato' Ir. Hj. Zaini Bin Omar is the Chairman of the Audit and Risk Management Committee and the Board. A clear segregation of his responsibilities and powers is stated and defined in the Company's Board Charter and Audit and Risk Management Committee's Terms of Reference. In addition, the Audit and Risk Management Committee comprises wholly of Independent Non- Executive Directors. The Audit and Risk Management Committee Report is set out separately in this Annual Report. Full details of the Audit and Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Oversight of External Auditors

In assessing the independence of external auditors, the Audit and Risk Management Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

The Audit and Risk Management Committee reviewed the suitability and independence of the external auditors and recommended their re-appointment to the Board for the ensuing financial year. The external auditors confirmed their independence to the Audit and Risk Management Committee that they were and had been independent throughout the conduct of the audit engagement during the financial year ended 30 September 2019 in accordance with the By-laws (on professional ethics, Conduct and practice) of the Malaysian Institute of Accountants ("MIA By-laws").

The Board, on the recommendation of the Audit and Risk Management Committee, is of the view that the declaration of independence, integrity and objectivity made by the external auditors in their audit report for each financial year under review would suffice to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the MIA By-laws.

Details of the audit and non-audit fees paid to the External Auditor for the financial year ended 30 September 2019 are as follows

	Company (RM)	Group (RM)
Statutory audit fees paid to the External Auditor	43,000	155,000
Non-audit fees paid to the External Auditor	5,000	5,000

The full details of the role of the Audit and Risk Management Committee in relation to the External Auditors is set out in the Audit and Risk Management Committee Report of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets. The Board acknowledges thatitisresponsiblefortheGroup'ssystemofinternalcontrolandriskmanagementforthecontinuingreview of its adequacy, effectiveness and integrity. Additionally, the Group Managing Director and the Chief Financial officer have given assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively to meet the Group's objectives.

The internal control system is designed to cater for the Group's needs and to manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is assisted by the Audit and Risk Management Committee to ensure the risk and control framework is embedded into the culture, processes and structure of the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement of Risk Management and Internal Control of this Annual Report.

The Group has formalised the Group's risk management framework in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group has been compiled to help the Board and senior management to prioritise their focus on areas of high risk. The senior management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies. Significant risk matters are brought to the attention of the executive Directors, and if necessary, are also discussed at Board meetings.

Internal Audit Function

The Group has appointed an established external professional Internal Audit firm namely Talent League Sdn Bhd, who reports to the Audit and Risk Management Committee ("ARMC") and assist the ARMC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communication are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars.

The Board is committed in providing accurate, useful and timely information about the Company, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcome feedback from them.

The Group's information is disseminated through various disclosures and announcements made to Bursa Malaysia Securities Berhad. This information is also published at the Company's corporate website at www.digistar.com.my.

Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future; as such integrated reporting is still new in the current market. The Company will adopt integrated reporting based on a globally recognised framework in the near future.

CONDUCT OF GENERAL MEETINGS

Notice of general meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

Attendance of directors at general meetings

The Annual General Meeting is the key element of the Company's dialogue with its shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, about the Company's operations in general or about the annual reports of the Company and of the Group. All the Directors, Senior Management and External Auditors are available in the Annual General Meeting to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code on Corporate Governance throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 21 January 2020

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"), the following information is provided:

1. UTILISATION OF PROCEEDS

PRIVATE PLACEMENT

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

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no exercise of Options or Convertible Securities or conversion of warrants during the financial year ended 30 September 2019

ADDITIONAL COMPLIANCE INFORMATION

3. MATERIAL CONTRACTS

There were no material contracts other than those in the ordinary course of business or loans entered into by the Company and its subsidiary companies involving the interests of the directors, chief executive who is not director and major shareholders' interests either still subsisting at the end of the financial year ended 30 September 2019 or entered into since the end of previous financial year ended 30 September 2018.

4. AUDIT AND NON-AUDIT FEES

The auditor' remuneration including non-audit fees for the Company and the Group for the financial year ended 30 September 2019 is as follows:

Audit fees	Group	Company
- statutory audit fees	155,000	43,000
- non-audit fees	5,000	5,000
Total	160,000	48,000

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Digistar Corporation Berhad is pleased to present the Audit and Risk Management Committee report for the financial year ended 30 September 2019.

COMPOSITION AND DESIGNATION OF AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC shall be appointed by the Board from amongst the directors and shall consist of not less than three (3) members, all of whom shall be Independent Directors.

The members of the ARMC shall elect a Chairman from among their members who shall be an Independent Director. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:

- he/ she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he/ she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- fulfils such other requirement as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Audit Committee of the Group comprises the following members:

<u>Chairman</u>

Tan Sri Dato Ir. Hj. Zaini Bin Omar
Independent Non-Executive Chairman

<u>Members</u>

Dato' Haji Ishak Bin Haji Mohamed
Senior Independent Non-Executive Director

Thee Kok Chuan
Independent Non-Executive Director

The Audit Committee comprises three (3) Non-Executive Directors during FYE 30 September 2019, all of whom are Independent Directors. A member of the ARMC, Mr. Thee Kok Chuan is a member of the Malaysian Institute of Accountants.

The composition of the ARMC and the qualification of the members comply with Paragraph 15.09 (1) of the Main Market Listing Requirement of Bursa Securities ("MMLR")

AUTHORITY

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The ARMC is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

TERMS OF REFERENCE

The terms of references at the ARMC are available on company website at **<u>www.digistar.com.my</u>**

MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Chief Financial Officer and other senior management, if necessary. The presence of external and/ or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the ARMC.

Both the internal and/ or external auditors may request a meeting if they consider it to be necessary. The ARMC shall meet with the external and internal auditors at least twice a year without the presence of executive members of the Board.

The Secretary to the ARMC shall be the Company Secretary. The Chairman of the ARMC shall report on each meeting to the Board.

The ARMC has met with the external and internal auditors without executive board members present at least twice a year. During the year, the ARMC held a total of six (6) meetings. The Chief Financial Officer, internal auditors and external auditors, have been invited to attend the ARMC meetings to present their audit plans and their subsequent findings.

The details of attendance of the ARMC members are as follows:

Committee Members	No. of Meetings Attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	4/5
Dato' Haji Ishak Bin Haji Mohamed	5/5
Thee Kok Chuan	5/5

Responsibilities and Duties

In fulfilling its primary objectives, the ARMC undertakes, amongst others, the following responsibilities and duties:-

a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;

c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;

d) To review the following in respect of internal audit:-
- adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
- the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function; and
- review and approve any appointment or termination of senior staff members of the internal audit function.

e) To review the quarterly reporting to Bursa Securities and year-end annual financial statements of the Group before submission to the Board, focusing on:-
- compliance with accounting standards and regulatory requirements;
- any major changes in accounting policies;
- significant and unusual items and events; and
- incidences of fraud and material litigation, if any.

f) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity;

g) To consider the nomination and appointment of external auditors, as well as the audit fee;

h) To review the resignation or dismissal of external auditors;

i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment; and

j) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR.

INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional Internal Audit firm namely Talent League Sdn Bhd, Mr. Roy Thean as the internal auditor and he is a member of the Malaysian Institute of Accountants, Malaysian institute of Certified Public

Accountants and Institute of Internal Auditors Malaysia. He has vast experience and exposure in the Internal Audit field. The internal audit activities were reported directly to the ARMC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 30 September 2019 was RM22,880.00 (2018:RM15,630.00).

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC's activities during the financial year under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
  - Any change in accounting policies
  - Significant adjustments arising from audit
  - Compliance with accounting standards and other legal requirements

External Auditors

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and audit planning memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.

At the ARMC Meeting held on 21 January 2020, the ARMC recommended to the Board for approval of the audit fee of RM155,000.00 in respect of the financial year ended 30 September 2019

Internal Auditors

The Group outsources its Internal Audit Function to a professional services firm, Talent League Sdn Bhd. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Audit Report directly to the ARMC, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

Internal Control and Risk Management

The internal control and risk management activities carried out during the financial year are as follows:-

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management, operational and compliance processes;
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised; and
- monitored and reviewed fraud cases.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the ARMC reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The ARMC reviews the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The ARMC also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") requires that a listed corporation establish an internal audit function which is independent of the activities it audits and reports to the Audit Committee directly. This is to ensure that all practical control mechanisms are present to safeguard the shareholders' investments and the Group's assets.

The Board of Directors of Digistar Corporation Berhad is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

In accordance with the Malaysian Code on Corporate Governance, the Board is responsible for the Group's risk management and internal control systems. It should set appropriate policies on internal control and seek assurance that the systems are functioning effectively.

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets. The Board acknowledges that it is responsible for the Group's system of internal control and risk management for the continuing review of its adequacy, effectiveness and integrity. Additionally, the Managing Director and the Chief Financial Officer have given assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively to meet the Group's objectives.

The internal control system is designed to cater for the Group's needs and to manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises its responsibilities with regard to identifying and managing principal risks.

The Group has formalised the Group's risk management framework in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group has been compiled to help the Board and senior management to prioritise their focus on areas of high risk.

The senior management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies. Significant risk matters are brought to the attention of the Executive Directors, and if necessary, are also discussed at Board meetings

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced the internal audit function to an independent consulting firm, Talent League Sdn Bhd, to provide the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.Internal audit assignments were carried out during the financial year under review based on a risk-based audit approach. The internal auditors reported their audit findings and recommendations to the Audit Committee members during Audit Committee meetings.

In the year under review, the following review on Digistar Group's operations were undertaken by the internal auditors:

(1) Seni Pujaan Sdn Bhd (Imperial Heritage Hotel)

Business processes and/or areas of Revenue and Credit Risk Management to ensure existing internal control, risk management and corporate governance are in place and functioning as intended.

(2) Digistar Holdings Sdn Bhd (ELV Construction/Maintenance), Digistar Rauland MSC Sdn Bhd (IPTV) & Full Image Sdn Bhd (Security & Alarm Monitoring Services)

Business processes and/or areas of Revenue and Credit Risk Management to ensure existing internal control, risk management and corporate governance are in place and functioning as intended.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The findings arising from the above reviews have been reported to the management for their response and subsequently for the Audit Committee deliberation. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

I. An organisation structure with clearly define lines of responsibility, authority and accountability;
II. Regular Board and management meetings are held where information is provided to the Board and management covering financial performances and operations;
III. Regular training and development programs are attended by employees with the objective of enhancing their knowledge and competency; and
IV. Management accounts and reports are prepared regularly for the monitoring of operational and financial performances.

The internal control system will continue to be reviewed, added on or updated in line with the changes in the Group's operating environment.

CONTROL WEAKNESS

The management continues to take measures to strengthen the control environment. In the year under review, there were no material losses, incurred as a result of weakness in the internal controls that would require disclosure in this annual report.

CONCLUSION

Based on inquiry, information and assurance provided by the Directors and the Board is of the opinion that the systems of risk management and internal control were been in place for the year under review and up to the date of approval of Statement on Risk Management and Internal Control for inclusion in the annual report, was generally satisfactory and adequate for its purpose. There will be continual focus on measures to protect and enhance shareholders' value and business sustainability.

This statement was approved by the board of directors on 21 January 2020.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

STATEMENT OF DIRECTORS'S RESPONSIBLITIES

The Directors of the Company are required to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs and results of the Company and the Group.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 30 September 2019 and the financial performance and cash flows of the Company and the Group for the financial year ended on that date.

In preparing the financial statements for the financial year ended 30 September 2019, the Directors have:

a) adopted the relevant and appropriate accounting policies consistently;
b) made judgments and estimates that are reasonable and prudent;
c) adopted applicable accounting standards, subjects to any material departures, if any, which will be disclosed and explained in the financial statements; and
d) prepared the financial statements on the assumption that the Company and the Group will operate as going concern.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit and Risk Management Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the year attributable to:		
Owners of the Company	(2,848,541)	1,105,299
Non-controlling interest	1,438,863	-
(Loss)/Profit for the financial year	(1,409,678)	1,105,299

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company held treasury shares a total of 7,372,808 of its 658,339,134 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.

WARRANTS 2013/2023

At the end of the reporting period, the Company had 74,024,334 Warrants 2013/2023 in issue. The warrants 2013/2023 are listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 11 April 2013. 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 from 11 April 2013 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

SHARE OPTIONS

No option was granted to any person to take up unissued shares of the Company during the financial year.

RESERVES AND PROVISIONS

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

SUBSIDIARIES

Details of the subsidiaries are set out in Note 3 to the financial statements.

There is no qualified auditors' report on the financial statements of the subsidiaries for the financial year in which this report is made.

As at the end of the financial year, the subsidiaries did not hold any shares in the holding company or in other related corporations.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Mejar (K) Datuk Wira Lee Wah Chong
Dato' Haji Ishak Bin Haji Mohamed
Lee Jin Jean
Lee Chun Szen
Thee Kok Chuan
Tan Sri Dato' Ir. Haji Zaini Bin Omar
Lee Mey Ling

DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries (excluding directors who are also directors of the Company) during the period commencing from the beginning of the financial year to the date of this report are:

Hasrul Bin Hassan	
Lee Chun Szen	
Gelayan Anak Mambang	
Mendong Anak Ato	
Lee Poh Chau	(Resigned on 1 February 2019)
Rozilawati Binti Mustafa	(Resigned on 1 February 2019)

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

The following directors, who held office at the end of the financial year, had interests in shares as follows:

	---------------- Number of ordinary shares			----------------
	At 1-10-2018	Bought	Sold	At 30-9-2019
The Company				
Mejar (K) Datuk Wira Lee Wah Chong				
- direct interest	72,772,049	-	-	72,772,049
- indirect interest*	66,781,873	-	-	66,781,873
Lee Jin Jean				
- direct interest	328,571	-	-	328,571
Lee Chun Szen				
- direct interest	328,571	-	-	328,571

The following director had interests in warrants during the financial year as follows:

	------------- Number of Warrants 2013/2023			-------------
	At 1-10-2018	Alloted	At Sold	30-9-2019
Mejar (K) Datuk Wira Lee Wah Chong				
- Direct interest	4,783,981	-	-	4,783,981
- Indirect interest*	13,605,186	-	-	13,605,186

*Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd and his spouse and children's shareholding.

By virtue of the above directors' interests in shares in the Company, they are deemed to be interested in shares in all the subsidiaries of the Company to the extent that the Company has an interest.

Other than as disclosed above, none of the directors in office at the end of the financial year held any interest in the shares or debentures in the Company or its subsidiaries during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the accounts 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 a 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.

The details of the other benefits and remuneration of the directors are set out in Note 33(b) to the financial statements.

INDEMNITY

There was no indemnity given for any of the directors of the Company.

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

(i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
(ii) which would render the values attributed to the current assets in the financial statements misleading; or
(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, and
(iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability 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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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 to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

Auditors' remuneration is set out in Note 28 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, retired and do not seek re-appointment at the forthcoming AGM of the Company.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

MEJAR (K) DATUK WIRA LEE WAH CHONG TAN SRI DATO' IR. HAJI ZAINI BIN OMAR
Director Director

Kuala Lumpur
21 January 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIGISTAR CORPORATION BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digistar Corporation Berhad, which comprise the statements of financial position as at 30 September 2019 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("CA 2016") in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Group</u>

(a) Impairment of receivables

The risk:

As at 30 September 2019, the carrying amount of the Group's trade and other receivables and contract assets are RM193,210,029 and RM489,271 respectively. The collectability of these receivables is assessed on an ongoing basis.

The Group applies the simplified approach in the measurement of loss allowance for receivables. Accordingly, provision matrix was used to estimate the expected credit losses ("ECL") taking into account historical credit loss occurrences, assessment of customers' ability to pay the outstanding balances and where appropriate, adjusted with forward-looking information.

We have identified this to be a key audit matter as it requires the management to make significant estimation in the assessment of credit losses at end of the reporting period.

The key assumptions on estimation of allowance for ECL and the Group's credit risk management are disclosed in Notes 2(d) and 37 to the financial statements, and further information related to trade and other receivables and contract assets are disclosed in Notes 8, 12 and 13 to the financial statements.

Our response:

In assessing the ECL model on the trade and other receivables and contract assets, we performed the following audit procedures:

(i) Discussed with management on the Group's method and assumption in estimating the ECL.
(ii) Reviewed the assumptions used in estimating the ECL and testing the mathematic accuracy of the model used.
(iii) Assessed the customers' ageing profile by evaluating the accuracy of the aged buckets.

<u>Company</u>

(a) Impairment of investments in subsidiaries

The risk:

As at 30 September 2019, the carrying amount of investments in subsidiaries is RM32,689,333.

We focused on impairment assessment of investments in subsidiaries as the recoverable amounts are subject to significant judgement and critical estimates made by management over the key assumptions used in the projected cash flows and the discount rates.

Our response:
In assessing the recoverable amounts of the investments in subsidiaries, we performed the following audit procedures:
(i) Assessed the value-in-use based on the discounted cash flows used by management in determine the recoverable amounts.
(ii) Discussed with management the key assumptions used in the valuation model and compared these to past performance and industry peers.
(iii) Engaged our internal valuation specialists to independently assess the reasonableness of the discount rates to comparable peers and industry benchmarks.

Information Other than the Financial Statements and Auditors' Report Thereon
The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS and the requirements of the CA 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.Other Matters

1. As stated in Note 2 to the financial statements, the Company adopted MFRS and IFRS on 1 October 2018 with a transition date on 1 October 2017. These standards were applied retrospectively by directors of the Company to the comparative information in these financial statements, including the statements of financial position as at 30 September 2018 and 1 October 2017 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 September 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 September 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2018 do not contain misstatements that materially affect the financial position as of 30 September 2019 and financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the CA 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

YAP CHING SHIN
02022/03/2020 J
Chartered Accountant

Kuala Lumpur
21 January 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	Note	30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
NON-CURRENT ASSETS				
Investments in an associate	4	-	-	144,424
Property, plant and equipment	5	81,020,969	14,671,084	11,902,063
Investment properties	6	17,858,833	15,818,340	15,966,054
Intangible asset	7	1,245,939	1,877,088	2,470,976
Trade receivables	8	160,919,912	167,112,004	172,540,345
Deferred tax assets	10	-	255,300	-
		261,045,653	199,733,816	203,023,862
CURRENT ASSETS				
Inventories held for resale	11	1,134,949	63,048,404	63,886,028
Trade receivables	8	18,996,046	25,663,569	36,639,213
Other receivables, deposits and prepayments	12	17,434,585	8,458,331	7,419,379
Contract assets	13	489,271	1,809,099	4,201,504
Amount owing by a director	14	-	223,367	-
Amount owing by an associate	15	-	-	966,221
Current tax assets		510,682	455,185	1,612,968
Fixed deposits with licensed banks	16	38,729,455	43,350,765	73,406,616
Cash and bank balances		27,699,118	51,191,337	5,024,962
		104,994,106	194,200,057	193,156,891
TOTAL ASSETS		366,039,759	393,933,873	396,180,753
EQUITY				
Share capital	17	102,332,764	102,332,764	94,244,093
Treasury shares	18	(3,248,747)	(3,248,747)	(3,248,747)
Reserves	19	(38,468,590)	(35,620,049)	4,881,398
Capital and reserves attributable to equity holders of the Company		60,615,427	63,463,968	95,876,744
Non-controlling interests		(5,508,185)	(6,947,048)	(17,029,442)
TOTAL EQUITY		55,107,242	56,516,920	78,847,302

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2019

	Note	30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
NON-CURRENT LIABILITIES				
Hire purchase payables	20	656,768	1,000,972	738,632
Bonds	21	253,285,356	270,638,706	214,399,715
Term loan	22	3,530,109	3,675,124	3,848,332
Deferred tax liabilities	10	9,231,673	6,248,848	3,362,599
		266,703,906	281,563,650	222,349,278
CURRENT LIABILITIES				
Trade payables	23	4,086,066	4,267,398	13,575,694
Other payables, deposits received and accruals	24	13,992,433	14,754,153	12,588,219
Contract liabilities	13	1,575,827	2,406,423	1,742,884
Amounts owing to directors	14	43,485	11,288	142,200
Current tax liabilities		42,530	288,868	815,870
Hire purchase payables	20	310,172	507,037	514,130
Bonds	21	23,069,789	28,170,273	60,000,000
Term loan	22	163,732	163,732	151,071
Bankers' acceptances	25	-	2,920,000	1,644,000
Bank overdrafts	26	944,577	2,364,131	3,810,105
		44,228,611	55,853,303	94,984,173
TOTAL LIABILITIES		310,932,517	337,416,953	317,333,451
TOTAL EQUITY AND LIABILITIES		366,039,759	393,933,873	396,180,753
NET ASSETS PER ORDINARY SHARE		9 sen	10 sen	16 sen

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2019

	Note	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
NON-CURRENT ASSETS				
Investments in subsidiaries	3	32,689,333	35,140,333	35,140,331
Amounts owing by subsidiaries	9	81,830,744	101,005,273	-
		114,520,077	136,145,606	35,140,331
CURRENT ASSETS				
Other receivables, deposits and prepayments	12	49,567	51,690	89,937
Amounts owing by subsidiaries	9	-	-	99,048,916
Current tax assets		85,337	85,337	109,300
Fixed deposits with licensed banks	16	4,000,000	4,098,385	-
Cash and bank balances		503,635	358,963	269,819
		4,638,539	4,594,375	99,517,972
TOTAL ASSETS		119,158,616	140,739,981	134,658,303
EQUITY				
Share capital	17	102,332,764	102,332,764	94,244,093
Treasury shares	18	(3,248,747)	(3,248,747)	(3,248,747)
Reserves	19	(9,370,137)	(10,475,436)	12,572,714
TOTAL EQUITY		89,713,880	88,608,581	103,568,060
CURRENT LIABILITIES				
Other payables, deposits received and accruals	24	155,361	83,300	90,186
Amounts owing to subsidiaries	9	29,281,875	52,048,100	31,000,057
Amounts owing to directors	14	7,500	-	-
TOTAL LIABILITIES		29,444,736	52,131,400	31,090,243
TOTAL EQUITY AND LIABILITIES		119,158,616	140,739,981	134,658,303

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AT 30 SEPTEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	27	56,770,934	57,288,741	-	-
Cost of sales		(16,752,302)	(22,225,570)	-	-
Gross profit		40,018,632	35,063,171	-	-
Other income		8,263,688	5,734,164	4,427,374	5,074,243
Selling and marketing expenses		(2,844,780)	(3,086,798)	-	-
Administrative expenses		(13,637,241)	(18,068,517)	(402,224)	(512,727)
Other expenses		(9,439,626)	(10,185,305)	(2,501,000)	-
Finance costs		(20,485,550)	(20,992,936)	(418,851)	(27,585,703)
		1,875,123	(11,536,221)	1,105,299	(23,024,187)
Share of result in associate		-	141,452	-	-
Profit/(Loss) before tax	28	1,875,123	(11,394,769)	1,105,299	(23,024,187)
Income tax expense	29	(3,284,801)	(3,524,284)	-	(23,963)
(Loss)/Profit for the year		(1,409,678)	(14,919,053)	1,105,299	(23,048,150)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income for the year		(1,409,678)	(14,919,053)	1,105,299	(23,048,150)
(Loss)/Profit for the year attributable to :					
Owners of the Company		(2,848,541)	(17,992,878)	1,105,299	(23,048,150)
Non-controlling interests		1,438,863	3,073,825	-	-
		(1,409,678)	(14,919,053)	1,105,299	(23,048,150)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AT 30 SEPTEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Total comprehensive (loss)/ income for the year attributable to :					
Owners of the Company		(2,848,541)	(17,992,878)	1,105,299	(23,048,150)
Non-controlling interests		1,438,863	3,073,825	-	-
		(1,409,678)	(14,919,053)	1,105,299	(23,048,150)
Loss per ordinary share					
- Basic	30	(0.43) sen	(2.75) sen		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

AT 30 SEPTEMBER 2019

		--Non-distributable reserve--			Distributable reserve			
Group	Note	Share capital RM	Warrant reserve RM	Treasury shares RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 October 2017 (As previously stated)		94,244,093	6,004,487	(3,248,747)	(967,047)	96,032,786	(17,029,442)	79,003,344
Prior year adjustments		-	-	-	(156,042)	(156,042)	-	(156,042)
At 1 October 2017, as restated		94,244,093	6,004,487	(3,248,747)	(1,123,089)	95,876,744	(17,029,442)	78,847,302
- Issuance of shares	17	8,202,168	-	-	-	8,202,168	-	8,202,168
- Share issuance expenses	17	(113,497)	-	-	-	(113,497)	-	(113,497)
Total comprehensive (loss)/income for the year		-	-	-	(17,992,878)	(17,992,878)	3,073,825	(14,919,053)
Acquisition of additional equity interest in a subsidiary company		-	-	-	(22,508,569)	(22,508,569)	7,008,569	(15,500,000)
At 30 September 2018, as restated		102,332,764	6,004,487	(3,248,747)	(41,624,536)	63,463,968	(6,947,048)	56,516,920
Total comprehensive (loss)/income for the year		-	-	-	(2,848,541)	(2,848,541)	1,438,863	(1,409,678)
At 30 September 2019		102,332,764	6,004,487	(3,248,747)	(44,473,077)	60,615,427	(5,508,185)	55,107,242

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

AT 30 SEPTEMBER 2019

Company	Note	Share capital RM	---Non-distributable reserve--- Warrant reserve RM	Treasury shares RM	Distributable reserve Retained profits/ (Accumulated losses) RM	Total RM
At 1 October 2017		94,244,093	6,004,487	(3,248,747)	6,568,227	103,568,060
- Issuance of shares	17	8,202,168	-	-	-	8,202,168
- Share issuance expenses	17	(113,497)	-	-	-	(113,497)
Total comprehensive loss for the year		-	-	-	(23,048,150)	(23,048,150)
At 30 September 2018		102,332,764	6,004,487	(3,248,747)	(16,479,923)	88,608,581
Total comprehensive income for the year		-	-	-	1,105,299	1,105,299
At 30 September 2019		102,332,764	6,004,487	(3,248,747)	(15,374,624)	89,713,880

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

AT 30 SEPTEMBER 2019

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	1,875,123	(11,394,769)	1,105,299	(23,024,187)
Adjustments for:				
Loss allowance arising from contracts with customers:				
- receivables	404,454	4,202,712	-	-
- contract assets	489,271	-	-	-
Loss allowance on other financial assets at amortised cost	539,916	1,235,086	-	-
Loss allowance on other trade receivables	261,940	106,405	-	-
Write back of impairment loss on trade and other receivables	(5,162,421)	(1,730,310)	-	-
Amortisation of deferred payment	2,646,650	3,614,635	-	-
Amortisation of intangible asset	253,436	317,274	-	-
Amortisation of investment properties	159,865	147,175	-	-
Bad debts written off arising from contracts with customers	1,090,076	799	-	-
Bad debts written off arising from other trade receivables	-	177,718	-	-
Depreciation of property, plant and equipment	3,041,693	2,113,661	-	-
Gain on disposal of property, plant and equipment	(216,109)	(154,303)	-	-
Impairment loss on goodwill	3,106,931	-	-	-
Impairment loss on investment in a subsidiary	-	-	2,501,000	-
Unwinding of discount on financial assets	-	-	(4,292,461)	(4,974,399)
Intangible assets written off	377,713	276,614	-	-
Interest expense	17,835,857	17,374,935	418,851	-
Interest income	(2,783,311)	(3,411,622)	(134,913)	(99,844)
Interest income on concession assets	(24,275,907)	(24,945,455)	-	-
Inventories written off	124,364	484,130	-	-
Investment properties written off	-	829,144	-	-
Loss on disposal of investment in an associate	-	255,876	-	-
Fair value loss on financial assets at amortised cost	-	-	-	27,585,703
Property, plant and equipment written off	175,329	38,719	-	-
Share of results from an associate	-	(141,452)	-	-
Unrealised gain on foreign exchange	(19,437)	(183,554)	-	-
Operating loss before working capital changes	(74,567)	(10,786,582)	(402,224)	(512,727)
Changes in inventories	(32,971)	374,678	-	-
Changes in contract assets/liabilities	(39)	3,055,944	-	-
Changes in receivables	31,404,080	37,346,530	2,123	38,247
Changes in payables	(3,102,198)	(9,176,739)	22,061	(6,886)
Cash generated from/(used in) operations	28,194,305	20,813,831	(378,040)	(481,366)
Tax paid	(289,429)	(262,554)	-	-
Interest paid	(194,742)	(432,137)	-	-
Net cash generated from/(used in) operating activities	27,710,134	20,119,140	(378,040)	(481,366)

STATEMENTS OF CASH FLOWS

AT 30 SEPTEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,783,311	3,411,622	134,913	99,844
Purchase of investment properties	(1,296,050)	(319,650)	-	-
Purchase of property, plant and equipment (Note 32)	(10,121,967)	(2,495,188)	-	-
Proceeds from disposal of property, plant and equipment	243,100	171,151	-	-
Repayment from/(Advances to) subsidiaries	-	-	23,466,990	(24,567,661)
Repayment from/(Advances to) a director	223,367	(223,367)	-	-
Changing of surplus funds placed in fixed deposits with licensed banks	(1,714,391)	15,596,277	-	-
Net withdrawal/(placement) of fixed deposit pledged with licensed bank	1,122,582	(4,048,901)	98,385	(4,098,385)
Placement of deposits into Debt Service Reserve Account	(5,046,573)	(992,351)	-	-
Acquisition of additional equity interest in a subsidiary company	-	(15,500,000)	-	-
Acquisition of a subsidiary	79,616	-	-	(2)
Net cash (used in)/generated from investing activities	(13,727,005)	(4,400,407)	23,700,288	(28,566,204)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (repayment)/drawdown of bonds	(25,000,000)	18,596,584	-	-
Repayment of term loans	(145,015)	(160,547)	-	-
Repayment of hire purchase obligations	(541,069)	(532,253)	-	-
Net (repayment)/drawdown of banker acceptances	(2,920,000)	1,276,000	-	-
Interest paid	(17,741,599)	(14,744,753)	-	-
(Repayment to)/Advances from subsidiaries	-	-	(23,185,076)	21,048,043
Advance from/(Repayment to) directors	32,197	(130,912)	7,500	-
Share issuance expenses	-	(113,497)	-	(113,497)
Proceeds from issuance of shares	-	8,202,168	-	8,202,168
Net cash (used in)/generated from financing activities	(46,315,486)	12,392,790	(23,177,576)	29,136,714
NET CHANGES IN CASH AND CASH EQUIVALENTS	(32,332,357)	28,111,523	144,672	89,144
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	54,121,818	26,010,295	358,963	269,819
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 31)	21,789,461	54,121,818	503,635	358,963

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

1. CORPORATE INFORMATION

Digistar Corporation Berhad (the "Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed on page 1.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 3.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Finanacial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

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

(b) First time adoption of MFRS

The financial statements of the Group and of the Company for the financial year ended 30 September 2019 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 First-time Adoption of MFRS. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards in Malaysia.

The Group and the Company have applied the same accounting policies consistently in the statements of financial position at 1 October 2017 (date of transition) and throughout all financial years presented, as if these accounting policies had always been in effect. Comparative figures in these financial statements have been restated to give effect to these changes. The effects of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are disclosed in Note 39 to the financial statements.

(c) Standards issued that are not yet effective

The Group and the Company have not applied the following standards, amendments and interpretation that have been issued by the MASB but are not yet effective:

		Effective Date
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021

Except as otherwise indicated below, the adoption of the above standards, amendments and interpretation are not expected to have significant impact on the financial position and financial performance of the Group and of the Company.

MFRS 16 Leases
Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group has assessed the effects of adopting MFRS 16. Based on the then facts and circumstances, the adoption of MFRS 16 does not significantly impact the Group.

(d) Significant accounting judgements and estimates
The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgement made in applying accounting policies
The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on MFRS 140 Investment Property in making that judgement.

In making its judgement, the Group considers whether a property generates cash flow largely independently of other assets held by the Group. Owner-occupied property generates cash flows that are attributable not only to the properties, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and 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 accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and 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.

Classification of concession assets
The Group entered into concession agreement with the Government of Malaysia (the "Grantor") under a private finance initiative for the right and authority to undertake the design, develop, construct and complete the facilities and infrastructure for Jabatan Kerja Raya ("JKR") Training Institute and to carry out the maintenance works in relation for the maintenance of the facilities and infrastructure.

Under these arrangements, JKR will pay the Group throughout the concession period the availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provision of the concession agreements. These amounts receivable are accounted for using the financial assets model.

Revenue recognition in relation to concession arrangement
Interest income resulting from the accretion of discount on concession asset using the effective interest method is described in Note 2(h).

Significant judgement is required in determining the profit margin used in estimating the relative fair value of various services provided in concession agreements. In making these judgements, management evaluates by making reference to the current condition and operating environment of companies in the similar industry in Malaysia.

Recognition of revenue from contracts
The Group recognises contract revenue based on the percentage of completion method. The stage of completion of the contracts is measured in accordance with the accounting policies set out in Note 2(p) below.

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and the work of specialists.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources associated with estimation uncertainty at each reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Determining the loss allowance for trade receivables and contract assets
Management assesses the expected credit losses ("ECL") for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.
The ECL on trade receivables and contract assets as at current reporting date is primarily based upon the historical credit loss experience.

Determining the loss allowance for non-trade receivables
Management assesses the ECL of receivables (other than trade receivables and contract assets) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

Depreciation and impairment of property, plant and equipment and investment properties
The Group reviews the estimated useful lives of property, plant and equipment and investment properties at each reporting date. Changes in the expected useful lives of property, plant and equipment and investment properties could impact future depreciation charges.

Property, plant and equipment and investment properties are assessed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the property, plant and equipment and investment properties or the related cash generating unit.

Impairment of investments in subsidiaries and goodwill
Investments in subsidiaries and goodwill are assessed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries and entities controlled by the Company (including structured entities) made up to the end of the financial year.

The Company controls an investee if and only if the Company:
(i) has power over the investee;
(ii) is exposure, or rights, to variable returns from its involvement with the investee; and
(iii) has the ability to use its power over the investee to affect the amount of the investor's returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

Non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes of interests in subsidiaries
The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

Loss of control
When the Company loses control of a subsidiary:
(i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.
(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.
(iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

Transactions with non-controlling interests
Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity.

On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(f) Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (ii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the investee.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss on the acquisition date.

(g) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

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

(h) Concession assets

The Group has concession arrangements with the Grantor to design, develop, construct and complete the facilities and infrastructure for 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 as at the end of concession period.

The Group accounts for its concession arrangements under the financial assets model as the Group has an unconditional right to receive cash or another financial asset from or at the discretion of the Grantor for the construction services. The consideration received and receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately identified. The allocation is performed by reference to the fair value of the services provided even if the contract stipulates individual prices for certain services. This is because, the amounts specified in the contracts may not necessarily be representative of the fair values of the services provided or the price that would be changed if the services were sold on a standalone basis.

The Group estimates the relative fair values of the services by reference to the costs or providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the Grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expires.

(i) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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 the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation
Capital work-in-progress is not depreciated.

Depreciation is recognised to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(j) Investment properties
Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

(i) Measurement basis
Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount only when it is probable that 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 the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation
Capital work-in-progress and freehold land are not depreciated.
Depreciation is calculated to write off the depreciable amount of investment properties on a straight line basis over their estimated useful lives. Depreciable amount of an investment property is determined after deducting the residual value from the cost amount of the investment property.

The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period
Buildings	2%
Office renovation	20%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(k) Intangible assets

Customer base

The Group's intangible assets which are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at each reporting date.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised and is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

(l) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of a cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use. The total impairment loss is allocated first to reduce the carrying amount of the allocated goodwill and then to the other assets in that cash-generating unit proportionately on the basis of the carrying amount of each asset in that cash-generating unit. Impairment loss recognised for goodwill is not reversed in subsequent periods.

Tangible and intangible asset with finite useful lives

Tangible and intangible assets are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(m) Inventories held for resale

Inventories are measured 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 individual expenses incurred in bringing the inventories to their present location and condition.

Cost of inventories of completed units held for sale is determined based on the specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Initial recognition and measurement

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income (“FVTOCI”), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

Impairment of financial assets

Loss allowance is recognised for ECL for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, contract assets, loan commitments and financial guarantee contracts. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables and contract assets at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of financial assets
A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities
All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial liabilities at amortised cost
These financial liabilities are subsequently measured at amortised cost using the effective interest method.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (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 a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity instrument
Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

Treasury shares
A purchase by the Company of its own equity shares is accounted for under the treasure stock method. Under this method, the shares purchased and held as treasury shares is measured and carried at the cost of purchase (including any directly attributable incremental external costs, net of tax). On presentation in the statements of financial position, the carrying amount of the treasure shares is offset against equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applies in the reduction of the distribution reserves. Where treasure shares are reissued by re-sale in the open market, the difference between the sales considerations and the carrying amount of the treasury shares is shown as a movement in equity. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

Warrant reserve
Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve. Warrants reserve is transferred to the share capital upon exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of warrants period is transferred to retained earnings.

(o) Provisions
Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of estimated future those cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Revenue recognition
Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

(i) Sale of goods
Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

In measuring the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

(ii) Security service, maintenance income and management fee
Revenue is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue is recognised using an input method to measure progress towards complete satisfaction of the services.

(iii) Construction contracts
Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

(iv) Room revenue
Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests.

(v) Food beverage and other ancillary service revenue
Revenue from food and beverage and other ancillary services are generally recognised at the point in time when the services are rendered.

Contract balances arising from revenue recognition

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Cost to Obtain a Contract

Incremental cost of obtaining a contract with a customer is recognised as assets, if the entity expects to recover the cost. The capitalised costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

Other income recognised as follows:

(i) Interest income is recognised using the effective interest method. The notional interest income resulting from accretion of discount on concession assets using the effective interest rate method is recognised in the profit or loss.

(ii) Rental income is recognised on a straight-line basis over the lease terms.

(q) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

(i) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the leases, if this is determined; if not the Company incremental borrowing rate is used.

(ii) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

(r) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred; and ceases when the asset is completed or during extended periods when active development is interrupted. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(s) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) Defined contribution plan

The Company and its subsidiaries pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its subsidiaries are limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

(iii) Termination Benefits

The Group recognises termination benefits payable as a liability and an expense when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal.

(t) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

(u) Foreign currencies

(i) Functional currency is the currency of the primary economic environment in which an entity operates.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of designated bank account pledged.

(w) Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they 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 results are reviewed regularly by the chief operating decision-maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be reasonably allocated to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(x) Fair value

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.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).
Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

3. INVESTMENTS IN SUBSIDIARIES

	Company		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Unquoted shares, at cost	36,773,742	36,723,742	36,723,740
Less: Accumulated impairment losses	(4,084,409)	(1,583,409)	(1,583,409)
	32,689,333	35,140,333	35,140,331

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

Name of Company	Principal place of business	Effective equity interest 2019 %	2018 %	2017 %	Principal activities
Digistar Holdings Sdn Bhd	Malaysia	100	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; and hotel & resort management
Digistar Properties Sdn Bhd*	Malaysia	100	100	100	Renting, maintaining and upkeep of properties
Digistar Rauland MSC Sdn Bhd	Malaysia	80	80	80	Health television operator

Name of Company	Principal place of business	Effective equity interest 2019 %	2018 %	2017 %	Principal activities
Rauland Asia Sdn Bhd	Malaysia	100	100	100	Designing, supplying, installation and integration of security monitoring systems
Nielsen Ward Sdn Bhd	Malaysia	100	100	100	Money lender
Seni Pujaan Sdn Bhd	Malaysia	100	100	100	Property development and hotel operator
Matang Makmur Holdings Sdn Bhd	Malaysia	100	100	100	Investment holding
Indera Persada Sdn Bhd ^	Malaysia	70	70	40	Undertake the construction and provide asset management services for the concession asset
Digistar Construction (M) Sdn Bhd	Malaysia	100	100	100	Provision of construction services
Protecs A & A CMS Sdn Bhd *	Malaysia	96	96	96	Central monitoring security services and trading of security equipment
Sakura Management Sdn Bhd	Malaysia	100	100	100	Property management
Mulia Optima Sdn Bhd	Malaysia	100	100	100	Dormant
Wemal-Maxi Protect Sdn Bhd *	Malaysia	51	51	51	Provision of security central
Jaya Persada Sdn Bhd	Malaysia	100	100	-	Investment holding
Full Image Sdn Bhd	Malaysia	100	-	-	Selling of information and communication technology products

** Subsidiary held through Digistar Holdings Sdn Bhd*
^ Subsidiary held through Matang Makmur Holdings Sdn Bhd

On 27 April 2018, Matang Makmur Holdings Sdn Bhd ("MMHSB") acquired additional 30% equity interest in Indera Persada Sdn Bhd for a purchase consideration of RM15.5 million. The share certificate has yet to transfer to MMHSB as at the end of the financial year, held in trust by the previous shareholder. Following the acquisition, MMHSB holds 70% equity interest in Indera Persada Sdn Bhd.

The impact of the purchase of further interest in Indera Persada Sdn Bhd is as follows:

	2018 RM
Consideration paid to non-controlling interest	15,500,000
Carrying amount of non-controlling interest acquired	7,008,569
Difference recognised in retained earnings	22,508,569

During the financial year, the Company acquired fifty thousand (50,000) ordinary shares in Full Image Sdn Bhd ("FISB"), representing the entire issued and paid-up share capital of FISB for a total purchase consideration of RM50,000.

The effects of the acquisition of the subsidiary company during the year were as follows:

	2019 RM
Purchase consideration	50,000
Fair value of net liabilities acquired	(3,056,931)
Proportion of ownership interest held by the Group	100%
Fair value of net liabilities acquired by the Group	(3,056,931)
Goodwill on consideration	3,106,931
Cash and cash equivalents acquired, representing net cash inflow arising from acquisition of a subsidiary company	79,616

Assets acquired and liabilities assumed on the date of acquisition:

	2019 RM
Property, plant and equipment	829,604
Trade receivables	285,859
Other receivables and deposits	41,030
Cash and bank balances	79,616
Current tax assets	59,082
Trade payables	(292,796)
Other payables and accruals	(4,059,326)
Fair value of net liabilities acquired	(3,056,931)

Upon completion of the acquisition, the newly acquired subsidiary company contributed revenue of RM1,162,429 and losses of RM1,788,858 to the Group.

The goodwill arising from the acquisition is not expected to generate future economic benefits to the Group. Hence, full impairment on goodwill has been made at the end of financial year.

The non-controlling interest at the end of the reporting period comprises the following:

	Effective equity interest			Group		
	2019 %	2018 %	2017 %	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Indera Persada Sdn Bhd	30	30	60	(4,804,023)	(6,219,535)	(16,226,433)
Other individually immaterial subsidiaries				(704,162)	(727,513)	(803,009)
				(5,508,185)	(6,947,048)	(17,029,442)

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

	Indera Persada Sdn Bhd		
	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
At 30 September			
Non-current asset	160,919,912	167,112,004	172,540,345
Current assets	47,613,875	60,509,782	100,674,506
Non-current liabilities	(187,816,322)	(202,260,444)	(220,785,559)
Current liabilities	(36,730,876)	(46,093,125)	(79,473,347)
Net liabilities	(16,013,411)	(20,731,783)	(27,044,055)

Financial year ended 30 September	2019 RM	2018 RM
Revenue	32,366,273	29,398,637
Profit for the year	4,718,372	6,312,272
Total comprehensive income for the year	4,718,372	6,312,272
Total comprehensive income attributable to non-controlling interests	1,415,512	2,998,329
Net cash flows from operating activities	45,678,088	38,812,154
Net cash flows from investing activities	10,906,724	42,591,844
Net cash flows for financing activities	(60,958,969)	(74,856,081)

:4. INVESTMENT IN AN ASSOCIATE

	Group		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Unquoted shares at cost	-	-	290,000
Group's share of post-acquisition reserves	-	-	(145,576)
	-	-	144,424

The details of the associate are as follows:

Name of Company	Principal place of business	Effective equity interest 2019 %	2018 %	2017 %	Principal activities
Tiara Vision Sdn Bhd	Malaysia	-	-	30	Selling and installing electronics and broadcasting equipment

The financial year end of the associate is 30 June. For the purpose of applying equity accounting, the financial statements of the associate for the year ended 30 June 2017 have been used.

The Group's share of the results of the associate is as follows:

	Group		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Group's share of profit/(loss)	-	141,452	(144,424)
Group's share of total comprehensive income	-	-	-
	-	141,452	(144,424)

On 5 January 2018, the Group disposed of its entire equity interest in Tiara Vision Sdn Bhd to a third party for a total cash consideration of RM30,000.

	2018
	RM
Consideration on disposal	30,000
Less: Carrying amount of investment in the associate on the disposal date	(285,876)
Loss on disposal	(255,876)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Cost	Office lot, shophouse and office units RM	Computers and printers RM	Site office cabins, plant and machinery, furniture and fittings RM	Office equipment, renovation and close-circuit television RM	Motor vehicles RM	Building RM	Capital work-in-progress RM	Leasehold land RM	Car park RM	Total RM
At 1 October 2018	2,839,436	3,679,260	1,361,382	10,552,737	5,204,297	1,442,706	-	1,348,276	2,563,048	28,991,142
Additions	-	102,458	30,639	439,320	-	6,753,550	610,300	-	-	7,936,267
Acquisition of a subsidiary	-	140,903	17,271	1,866,372	-	-	-	-	-	2,024,546
Disposals	-	-	-	(54,793)	(892,685)	-	-	-	-	(947,478)
Write-offs	-	(60,871)	-	(895,622)	(40,000)	-	-	-	-	(996,493)
Transfer to investment properties (Note 6)	(1,401,032)	-	-	-	-	-	-	-	-	(1,401,032)
Transfer from inventories	-	-	-	1,250,488	-	60,481,847	-	-	-	61,732,335
At 30 September 2019	1,438,404	3,861,750	1,409,292	13,158,502	4,271,612	68,678,103	610,300	1,348,276	2,563,048	97,339,287
Accumulated depreciation										
At 1 October 2018	1,015,846	3,005,088	944,825	4,834,752	3,356,837	57,708	-	110,619	129,037	13,454,712
Charge for the year	28,768	247,268	117,394	1,686,984	498,111	396,184	-	14,984	52,000	3,041,693
Acquisition of a subsidiary	-	132,876	17,271	1,044,795	-	-	-	-	-	1,194,942
Disposals	-	-	-	(54,793)	(865,694)	-	-	-	-	(920,487)
Write-offs	-	(47,600)	-	(761,213)	(12,351)	-	-	-	-	(821,164)
Transfer to investment properties (Note 6)	(496,724)	-	-	-	-	-	-	-	-	(496,724)
At 30 September 2019	547,890	3,337,632	1,079,490	6,750,525	2,976,903	453,892	-	125,603	181,037	15,452,972

Group 2019 Accumulated impairment	Office lot, shophouse and office units RM	Computers and printers RM	Site office cabins, plant and machinery, furniture and fittings RM	Office equipment, renovation and close-circuit television RM	Motor vehicles RM	Building RM	Capital work-in-progress RM	Leasehold land RM	Car park RM	Total RM
At 1 October 2018/ 30 September 2019	-	-	-	865,346	-	-	-	-	-	865,346
Net carrying amount At 30 September 2019	890,514	524,118	329,802	5,542,631	1,294,709	68,224,211	610,300	1,222,673	2,382,011	81,020,969
2018										
Cost										
At 1 October 2017	3,414,436	3,559,941	1,188,779	8,120,852	4,979,406	1,442,706	998,920	1,348,276	2,563,048	27,616,364
Additions	-	119,319	202,884	4,164,431	981,754	-	-	-	-	5,468,388
Disposals	-	-	-	-	(756,863)	-	-	-	-	(756,863)
Write-offs	-	-	-	(1,654,051)	-	-	(998,920)	-	-	(2,652,971)
Transfer to investment properties (Note 6)	(575,000)	-	-	(78,495)	-	-	-	-	-	(653,495)
Transfer to inventories	-	-	(30,281)	-	-	-	-	-	-	(30,281)
At 30 September 2018	2,839,436	3,679,260	1,361,382	10,552,737	5,204,297	1,442,706	-	1,348,276	2,563,048	28,991,142

Group 2018 Cost	Office lot, shophouse and office units RM	Computers and printers RM	Site office cabins, plant and machinery, furniture and fittings RM	Office equipment and renovation RM	Motor vehicles RM	Building RM	Capital work-in-progress RM	Leasehold land RM	Car park RM	Total RM
Accumulated depreciation										
At 1 October 2017	1,057,688	2,532,172	817,048	5,833,811	3,413,541	28,854	-	89,884	77,037	13,850,035
Charge for the year	57,561	472,916	136,874	661,410	683,311	28,854	-	20,735	52,000	2,113,661
Disposals	-	-	-	-	(740,015)	-	-	-	-	(740,015)
Write-offs	-	-	-	(1,615,332)	-	-	-	-	-	(1,615,332)
Transfer to investment properties (Note 6)	(99,403)	-	-	(45,137)	-	-	-	-	-	(144,540)
Transfer to inventories	-	-	(9,097)	-	-	-	-	-	-	(9,097)
At 30 September 2018	1,015,846	3,005,088	944,825	4,834,752	3,356,837	57,708	-	110,619	129,037	13,454,712
Accumulated impairment										
At 1 October 2017	-	-	-	865,346	-	-	998,920	-	-	1,864,266
Write-offs	-	-	-	-	-	-	(998,920)	-	-	(998,920)
At 30 September 2018	-	-	-	865,346	-	-	-	-	-	865,346
Net carrying amount At 30 September 2018	1,823,590	674,172	416,557	4,852,639	1,847,460	1,384,998	-	1,237,657	2,434,011	14,671,084

Included in property, plant and equipment of the Group are motor vehicles with a total net carrying amount of RM1,103,284 (30.9.2018: RM1,581,142; 1.10.2017: RM1,172,096) acquired under hire purchase terms as disclosed in Note 20.

Certain property, plant and equipment of the Group with a total net carrying amount of RM 59,629,416 (30.9.2018: RM1,808,344; 1.10.2017: RM1,964,865) were pledged as security for banking facilities granted to the Group as disclosed in Notes 22, 25 and 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL ENDED 30 SEPTEMBER 2019

6. INVESTMENT PROPERTIES

Group 2019	Leasehold land RM	Freehold land RM	Leasehold building RM	Freehold building RM	Office renovation RM	Capital work-in-progress RM	Total RM
Cost							
At 1 October 2018	5,052,045	8,736,809	2,232,352	770,000	78,495	319,650	17,189,351
Additions	1,137,736	-	-	-	-	158,314	1,296,050
Transfer from property, plant and equipment (Note 5)	-	-	1,401,032	-	-	-	1,401,032
At 30 September 2019	6,189,781	8,736,809	3,633,384	770,000	78,495	477,964	19,886,433
Accumulated depreciation							
At 1 October 2018	636,079	-	601,183	85,341	48,408	-	1,371,011
Charge for the year	63,270	-	73,345	15,400	7,850	-	159,865
Transfer from property, plant and equipment (Note 5)	-	-	496,724	-	-	-	496,724
At 30 September 2019	699,349	-	1,171,252	100,741	56,258	-	2,027,600
Net carrying amount							
At 30 September 2019	5,490,432	8,736,809	2,462,132	669,259	22,237	477,964	17,858,833
Fair value							
At 30 September 2019	6,941,000	11,500,000	5,900,000	1,186,000	-	-	25,527,000

Group 2018	Leasehold land RM	Freehold land RM	Leasehold building RM	Freehold building RM	Office renovation RM	Capital work-in-progress RM	Total RM
Cost							
At 1 October 2017	5,018,187	8,736,809	3,059,390	385,000	-	-	17,199,386
Additions	-	-	-	-	-	319,650	319,650
Write-off	-	-	(983,180)	-	-	-	(983,180)
Transfer from property, plant and equipment (Note 5)	33,858	-	156,142	385,000	78,495	-	653,495
At 30 September 2018	5,052,045	8,736,809	2,232,352	770,000	78,495	319,650	17,189,351
Accumulated depreciation							
At 1 October 2017	555,430	-	645,178	32,724	-	-	1,233,332
Charge for the year	74,745	-	58,251	10,908	3,271	-	147,175
Write-off	-	-	(154,036)	-	-	-	(154,036)
Transfer from property, plant and equipment (Note 5)	5,904	-	51,790	41,709	45,137	-	144,540
At 30 September 2018	636,079	-	601,183	85,341	48,408	-	1,371,011
Net carrying amount At 30 September 2018	4,415,966	8,736,809	1,631,169	684,659	30,087	319,650	15,818,340
Fair value At 30 September 2018	7,608,000	13,900,000	7,715,000	810,000	-	-	30,033,000

The carrying amounts of certain properties pledged to as follows:

	Group		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Leasehold buildings	1,265,510	1,263,961	1,479,257
Leasehold land	2,305,859	2,091,785	4,432,959
Freehold land	8,736,809	8,736,809	8,736,809
Freehold building	332,383	340,084	-
	12,640,561	12,432,639	14,649,025

Fair values of the investment properties are determined based on the indicative market price of similar properties in the vicinity and replacement cost model respectively. The fair value of investment properties is within level 2 of the fair value hierarchy.

7. INTANGIBLE ASSET

	Group	
	2019	2018
	RM	RM
Customer base, at cost:		
At 1 October	3,172,743	3,572,667
Write-off	(638,388)	(399,924)
At 30 September	2,534,355	3,172,743
Amortisation of intangible asset:		
At 1 October	(1,295,655)	(1,101,691)
Charge for the year	(253,436)	(317,274)
Write-off	260,675	123,310
At 30 September	(1,288,416)	(1,295,655)
Net carrying amount		
At 30 September	1,245,939	1,877,088

8. TRADE RECEIVABLES

Group 30.9.2019	Interest bearing RM	Non-interest bearing RM (Restated)	Total RM (Restated)
Receivables from contracts with customers			
- less than a year	6,192,092	23,931,694	30,123,786
- more than a year	160,919,912	-	160,919,912
	167,112,004	23,931,694	191,043,698
Less: Loss allowance	-	(11,206,870)	(11,206,870)
	167,112,004	12,724,824	179,836,828
Other trade receivables	-	763,187	763,187
Less: Loss allowance	-	(684,057)	(684,057)
	-	79,130	79,130
Carrying amount of trade receivables	167,112,004	12,803,954	179,915,958

30.9.2018	Interest bearing RM	Non-interest bearing RM (Restated)	Total RM (Restated)
Receivables from contracts with customers			
- less than a year	5,428,341	34,894,162	40,322,503
- more than a year	167,112,004	-	167,112,004
	172,540,345	34,894,162	207,434,507
Less: Loss allowance	-	(14,934,701)	(14,934,701)
	172,540,345	19,959,461	192,499,806
Other trade receivables	-	748,404	748,404
Less: Loss allowance	-	(472,637)	(472,637)
	-	275,767	275,767
Carrying amount of trade receivables	172,540,345	20,235,228	192,775,573

1.10.2017	Interest bearing RM	Non-interest bearing RM (Restated)	Total RM (Restated)
- less than a year	4,758,793	44,256,268	49,015,061
- more than a year	172,540,345	-	172,540,345
	177,299,138	44,256,268	221,555,406
Less: Loss allowance	-	(12,960,004)	(12,960,004)
	177,299,138	31,296,264	208,595,402
Other trade receivables	-	1,266,529	1,266,529
Less: Loss allowance	-	(682,373)	(682,373)
	-	584,156	584,156
Carrying amount of trade receivables	177,299,138	31,880,420	209,179,558

The movement in loss allowance for trade receivables:

	2019 RM	2018 RM
At 1 October	(15,407,338)	(13,642,377)
Additions	(666,394)	(4,309,117)
Acquisition of subsidiary	(775,106)	-
Write-back	3,941,795	1,400,593
Write-off	1,016,116	1,143,563
At 30 September	(11,890,927)	(15,407,338)

The Group's normal credit terms for trade receivables range from 7 to 120 (30.9.2018 and 1.10.2017: 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

The interest-bearing amount represents fair value of the consideration receivable from the construction services delivered during the stage of construction. It carries an interest of 14% (30.9.2018 and 1.10.2017: 14%) per annum. It is repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreement.

9. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by subsidiaries included under non-current assets are non-trade in nature, unsecured and not expected to be recalled within the next 12 months.

The amounts owing by/(to) subsidiaries included under current assets/current liabilities are non-trade in nature, unsecured, interest-free and receivable/repayable on demand.

The changes in amounts owing to subsidiaries are analysed as follows:

	Company	
	2019	2018
	RM	RM
Balance as at 1 October	52,048,100	31,000,057
Cash:		
Advances from subsidiaries	-	21,048,043
Repayment to subsidiaries	(23,185,076)	-
Non cash:		
Interest expense	418,851	-
Balance as at 30 September	29,281,875	52,048,100

Included in the amounts owing to subsidiaries is an amount of RM6,384,209 (2018: Nil) which bear interest at 7.25% per annum.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2019	2018
	RM	RM
At 1 October	(5,993,548)	(3,362,599)
Recognised in profit or loss	(3,238,125)	(2,630,949)
At 30 September	(9,231,673)	(5,993,548)
Presented as follows:		
Deferred tax assets	-	255,300
Deferred tax liabilities	(9,231,673)	(6,248,848)
	(9,231,673)	(5,993,548)

The deferred tax assets/(liabilities) on temporary differences recognised in the financial statements are as follows:

	Group		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Differences between net carrying amount and tax written down value of concession asset and property, plant and equipment	(10,806,937)	(9,548,633)	(8,138,306)
Unutilised business losses	267,527	267,527	267,527
Unabsorbed capital allowance	1,307,737	3,030,369	4,508,180
Others	-	257,189	-
	(9,231,673)	(5,993,548)	(3,362,599)

Pursuant to relevant tax regulations, the unabsorbed tax losses at the end of the reporting period will be expired within 7 years.

11. INVENTORIES HELD FOR RESALE

	Group		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
		(Restated)	(Restated)
At cost:			
Unsold completed properties	-	60,481,847	60,481,847
Equipment and parts held for resale	644,572	2,067,982	1,080,239
Finished goods	490,377	498,575	2,323,942
	1,134,949	63,048,404	63,886,028
Recognised in profit or loss:			
Inventories recognised as cost of sales	1,208,175	7,623,535	11,942,532
Inventories written off	124,364	484,130	-

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Other receivables	16,269,164	8,862,502	8,400,665
Less: Allowance for impairment losses	(2,975,093)	(3,712,449)	(2,869,080)
Net other receivables	13,294,071	5,150,053	5,531,585
Deposits	1,200,372	324,194	577,515
Prepayments	236,786	227,621	260,067
Goods and service tax recoverable	2,703,356	2,756,463	1,050,212
	17,434,585	8,458,331	7,419,379

Allowance for doubtful debts:

	2019	2018
	RM	RM
At 1 October	(3,712,449)	(2,869,080)
Additions	(539,916)	(1,235,086)
Write-back	1,220,626	329,717
Write-off	56,646	62,000
At 30 September	(2,975,093)	(3,712,449)

Company	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Other receivables	6,386	7,767	62,594
Deposits	1,500	1,500	1,500
Goods and service tax recoverable	41,681	42,423	25,843
	49,567	51,690	89,937

Included in other receivables of the Group of RM827,423 (30.9.2018: RM425,786; 1.10.2017: RM53,465) is amount owing by related parties, Harrington (M) Sdn Bhd, Digistar Vision Sdn Bhd, and Pembinaan ZMZ Gemilang Sdn Bhd, all the companies in which certain directors of the Company have financial interests.

Also, included in the other receivables of the Group are advances amounting to approximately RM2,600,000 (30.9.2018: RM2,139,000; 1.10.2017: RM2,900,000) paid to subcontractors for supply of goods and services.

13. CONTRACT ASSETS/CONTRACT LIABILITIES

		Group		
		30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
Contract asset				
- Construction contracts		978,542	1,809,099	4,201,504
Less: Loss allowance		(489,271)	-	-
		489,271	1,809,099	4,201,504
Contract liabilities				
- Construction contracts	(a)	267,068	1,068,520	471,067
- Advances received from customers	(b)	282,615	44,923	51,301
- Security services	(c)	1,026,144	1,292,980	1,220,516
		1,575,827	2,406,423	1,742,884

(a) Construction contracts

	Group 2019 RM	2018 RM
At 1 October	740,579	3,730,437
Revenue recognised during the year	7,134,711	4,614,868
Credit note issued during the year	(335,482)	-
Progress billings issued during the year	(6,828,334)	(7,604,726)
Impairment losses	(489,271)	-
At 30 September	222,203	740,579

Represented by:		
Contract assets	489,271	1,809,099
Contract liabilities	(267,068)	(1,068,520)
	222,203	740,579

Revenue relating to construction contracts is recognised over time, while the customers pay according to contractual milestones. A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

(b) Advances received from customers
Represents advances received from customers for the services yet to be performed at the reporting date.

(c) Security services
Revenue relating to security services is recognised over time, while the customers pay up-front in full. A contract liability is recognised upon collection of transaction price and being recognised as revenue over the service period.

14. AMOUNTS OWING BY/(TO) DIRECTORS

The amounts owing by/(to) directors are non-trade in nature, unsecured, interest-free and receivable/repayable on demand. The changes in amounts owing to directors are analysed as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Balance as at 1 October	11,288	142,200	-	-
Cash:				
Advances	32,197	-	7,500	-
Repayment to directors	-	(130,912)	-	-
At 30 September	43,485	11,288	7,500	-

15. AMOUNT OWING BY AN ASSOCIATE

The amount owing is non-trade in nature, unsecured, interest-free and receivable on demand.

16. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM4,863,038 (30.9.2018: RM5,985,620; 1.10.2017: RM1,936,719) and RM4,000,000 (30.9.2018: RM4,098,385; 1.10.2017: Nil) of the Group and the Company respectively have been pledged to licensed banks as security for banking facilities granted to a subsidiary.

The effective interest rates of the fixed deposits are ranging between 2.55% and 4.05% (30.9.2018: 2.70% and 3.75%; 1.10.2017: 2.55% and 3.50%) per annum. The maturity periods of the fixed deposits at the end of the reporting period ranged from 30 to 365 (30.9.2018 and 1.10.2017: 30 to 365) days.

17. SHARE CAPITAL

	Number of Shares		Group/Company	
			2019	2018
	2019	2018	RM	RM
Issued and fully paid up				
Ordinary shares				
At 1 October	658,339,134	599,160,434	102,332,764	94,244,093
Issuance of shares				
- private placement	-	59,178,700	-	8,202,168
- share issuance expenses	-	-	-	(113,497)
At 30 September	658,339,134	658,339,134	102,332,764	102,332,764

18. TREASURY SHARES

	Number of Shares		Group/Company	
	2019	2018	2019 RM	2018 RM
At 1 October/ 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 RM	Total consideration RM
At 30 September	7,372,808	0.4406	3,248,747

Of the total 658,339,134 (2018: 658,339,134) issued and fully paid ordinary shares as at the end of the reporting period, 7,372,808 (2018: 7,372,808) ordinary shares are held as treasury shares by the Company. The number of ordinary shares in issue after the offset is therefore 650,966,326 (2018: 650,966,326) ordinary shares. None of the treasury shares was cancelled during the financial year.

19. RESERVES

Group		30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
Warrant reserve	(a)	6,004,487	6,004,487	6,004,487
Accumulated losses		(44,473,077)	(41,624,536)	(1,123,089)
		(38,468,590)	(35,620,049)	4,881,398

Company				
Warrant reserve	(a)	6,004,487	6,004,487	6,004,487
(Accumulated losses)/ Retained profits	(b)	(15,374,624)	(16,479,923)	6,568,227
		(9,370,137)	(10,475,436)	12,572,714

(a) Warrant Reserve
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.

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

20. HIRE PURCHASE PAYABLES

	Group		
	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Minimum hire purchase payments:			
- not later than one year	346,648	563,539	554,673
- later than one year and not later than five years	697,208	1,077,947	789,856
	1,043,856	1,641,486	1,344,529
Less: future finance charges	(76,916)	(133,477)	(91,767)
Present value of hire purchase payables	966,940	1,508,009	1,252,762

	Group		
	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Present value of hire purchase payables:			
- not later than one year	310,172	507,037	514,130
- later than one year and not later than five years	656,768	1,000,972	738,632
	966,940	1,508,009	1,252,762

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.39% to 5.03% (30.9.2018: 4.39% to 5.03%; 1.10.2017: 4.37% to 5.03%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

The changes in hire purchase payables are analysed as follows:.

	Group	
	2019 RM	2018 RM
Balance as at 1 October	1,508,009	1,252,762
Cash:		
Repayment of debts	(541,069)	(532,253)
Interest paid	(58,697)	(43,029)
Non-cash:		
Additions of property, plant and equipment	-	787,500
Interest expense on hire purchase	58,697	43,029
Balance as at 30 September	966,940	1,508,009

21. BONDS

		Maturity Year	Group 30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Secured, fixed rate bond:	(a)				
- 4.00% per annum		2018	-	-	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	20,000,000
- 4.30% per annum		2021	20,000,000	20,000,000	20,000,000
- 4.40% per annum		2022	20,000,000	20,000,000	20,000,000
- 4.50% per annum		2023	20,000,000	20,000,000	20,000,000
- 4.60% per annum		2024	20,000,000	20,000,000	20,000,000
- 4.70% per annum		2025	20,000,000	20,000,000	20,000,000
- 4.80% per annum		2026	20,000,000	20,000,000	20,000,000
- 4.90% per annum		2027	25,000,000	25,000,000	25,000,000
- 5.00% per annum		2028	30,000,000	30,000,000	30,000,000
Secured, fixed rate subordinated bond:	(a)				
- 16.00% per annum		2028	11,000,000	11,000,000	11,000,000
Unrated, fixed rate serial bond:	(b)				
- 6.80% per annum		2030	25,000,000	25,000,000	-
- 6.90% per annum		2031	25,000,000	25,000,000	-
- 7.00% per annum		2032	30,000,000	30,000,000	-
			286,000,000	311,000,000	291,000,000
Less:					
- Bond discount			(5,622,039)	(6,889,262)	(8,654,429)
- Transaction cost			(7,092,605)	(8,472,032)	(8,918,084)
			273,285,356	295,638,706	273,427,487
Accrued interest			3,069,789	3,170,273	972,228
			276,355,145	298,808,979	274,399,715

	Group 30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Current			
- repayable not later than 1 year	23,069,789	28,170,273	60,000,000
Non-current:			
- repayable between 1 to 5 years	71,608,762	70,300,896	73,311,609
- repayable more than 5 years	181,676,594	200,337,810	141,088,106
	276,355,145	298,808,979	274,399,715

(a) Indera Persada Sdn Bhd ("IPSB"), a 70% owned subsidiary of the Company, issued RM280 million Fixed Rate Serial Bonds and RM15 million Subordinated Bonds which included RM4 million subscribed by Matang Makmur Holdings Sdn Bhd ("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 have been utilised by IPSB to finance the construction of a Training Institute in Malacca for Ministry of Works ("JKR Project"), under an 18-year Concession Agreement ("CA") with the Government of Malaysia.

The bonds are secured against certain assets of IPSB.

(b) On 13 March 2018, Jaya Persada Sdn Bhd ("JPSB"), a wholly-owned subsidiary of the Company issued RM80 million Unrated Fixed Rate Serial Bonds.

The entire bonds were divided into 3 tranches, with maturity periods ranging from 12 years to 14 years commencing from April 2030 to April 2032.

The coupon rates range from 6.80% to 7.00% per annum and the coupon interests are payable semi-annually on each series of the bonds.

Proceeds raised from the bonds shall be utilised by JPSB for the purposes below:

(i) To fund the costs and expenses incurred in respect of the establishment/issuance of the bonds;
(ii) To redeem the subsidiary, Seni Pujaan Sdn Bhd's ("SPSB") existing loan secured over the master title to the hotel owned and operated by SPSB;
(iii) To finance the expansion and refurbishment of the hotel owned by SPSB including but not limited to refurbishment of hotel suites, design and construction of banquet hall and other enhancement for the hotel and other hospitality/related assets managed;
(iv) To finance the design and construction of Wisma Digistar; and
(v) To finance the expansion of the JKR Project and/or to finance working capital of the holding company including expansion of the Group's mobile business and acquisitions related to the Group's core business and the operating expenses incurred by the Group.

(vi) To finance the Company's obligation to pay the minority interest's entitlement pursuant to the Company's letter to the minority interest.

The bonds are secured against certain assets of the Group. The changes in bonds are analysed as follows:

	Group	
	2019	2018
	RM	RM
Balance as at 1 October	298,808,979	274,399,715
Cash:		
Drawdown of bonds	-	80,000,000
Repayment of bond	(25,000,000)	(60,000,000)
Transaction costs incurred	-	(1,403,416)
Interest paid	(17,365,302)	(14,210,020)
Non-cash:		
Amortisation of deferred payment	2,646,650	3,614,635
Interest expenses on bonds	17,264,818	16,408,065
Balance as at 30 September	276,355,145	298,808,979

Transaction costs relate to the payment of ancillary fees, costs and expenses related to the issuance of bonds.

22. TERM LOANS

	Group		
	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Current portion:			
- not later than one year	163,732	163,732	151,071
Non-current portion:			
- repayable between 1 to 5 years	1,014,945	898,974	839,380
- repayable more than 5 years	2,515,164	2,776,150	3,008,952
	3,530,109	3,675,124	3,848,332
	3,693,841	3,838,856	3,999,403

Term loan at the reporting date bore an effectiveinterest rate of 6.85% (30.9.2018: 6.85%; 1.10.2017: 6.85%) per annum.

Term loans were secured by:
(a) an open all monies facility agreement between the subsidiary and the bank;
(b) a first legal charge over a piece of property of the subsidiary;
(c) an open all monies debenture incorporating first fixed and floating charges over assets past, present and future; and
(d) a corporate guarantee of the Company.

The changes in term loan are analysed as follows:

	Group	
	2019 RM	2018 RM
Balance as at 1 October	3,838,856	3,999,403
Non-cash:		
Interest expense	314,655	299,089
Cash flows:		
Repayment of term loan	(145,015)	(160,547)
Interest paid	(314,655)	(299,089)
Balance as at 30 September	3,693,841	3,838,856

23. TRADE PAYABLES

	Group		
	30.9.2019 RM	30.9.2018 RM	1.10.2017 RM
Trade payables	3,141,946	3,019,626	11,628,187
Retention payables	944,120	1,247,772	1,947,507
	4,086,066	4,267,398	13,575,694

The Group's normal credit terms of the trade payables range from 30 to 60 (30.9.2018: 30 to 60; 1.10.2017: 30 to 60) days.

24. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

Group	30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
Other payables	10,671,475	9,994,014	9,924,221
Unpaid property, plant and equipment (Note 32)	-	2,185,700	-
Deposits received	215,572	248,601	529,887
Accruals	2,811,771	2,262,500	2,108,938
Goods and services tax payable	121,937	63,338	25,173
Sales and service tax payable	171,678	-	-
	13,992,433	14,754,153	12,588,219

Company	30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
Other payables	92,361	-	-
Accruals	63,000	83,300	90,186
	155,361	83,300	90,186

Included in other payables of the Group of RM115,722 (30.9.2018: RM78,550; 1.10.2017: RM Nil) is amount owing to a related party, Harrington (M) Sdn Bhd, a company in which a director of the Company has financial interests.

Also, included in the other payables of the Group are commission payable to a contractor for a joint development project amounting to approximately RM2,310,000 (30.9.2018: RM3,644,000; 1.10.2017: RM5,698,000) and fund received from the Government for Asset Management Programme amounting to RM4,996,980 (30.9.2018: RM3,331,320; 1.10.2017: RM1,665,660) for the use in the asset replacement during the concession period. Upon expiring of the concession period, the Government will be entitled to the unutilised fund received.

25.BANKERS' ACCEPTANCES

The bankers' acceptances bore an effective interest rate of 5.20% to 5.25% (30.9.2018: 5.08% to 5.28%; 1.10.2017: 4.98%) 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.

	Group 2019 RM	2018 RM
Balance as at 1 October	2,920,000	1,644,000
Cash:		
Drawdown of bankers' acceptances	318,000	11,013,000
Repayment of bankers' acceptances	(3,238,000)	(9,737,000)
Interest paid	(2,945)	(192,615)
Non-cash:		
Interest expenses	2,945	192,615
Balance as at 30 September	-	2,920,000

26. BANK OVERDRAFTS

The bank overdrafts bear effective interest rates from 7.90% to 8.07% (30.9.2018: 8.10% to 8.32%; 1.10.2017: 8.10%) per annum and are secured in the same manner as the bankers' acceptances as disclosed in Note 25.

26. REVENUE

	Group	
	2019	2018
	RM	RM
Revenue from contracts with customers		
(i) Recognised over time		
- construction contract revenue	6,799,229	4,614,868
- security service income	2,703,104	3,544,407
- maintenance income	4,955,183	6,282,165
- hotel room management	12,098,548	11,979,973
- management fee	240,000	240,000
(ii) Recognised at a point in time		
- sale of goods	509,794	1,107,982
- food beverage and other ancillary services income	4,348,659	3,629,109
Rental income	840,510	944,782
Interest income on concession assets	24,275,907	24,945,455
	56,770,934	57,288,741

Revenue expected to be recognised in the future, related to the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the reporting date:

	Group	
	2019	2018
	RM	RM
- not later than one year	1,026,144	1,292,980

28. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amortisation of investment properties	159,865	147,175	-	-
Amortisation of deferred payment of bonds	2,646,650	3,614,635	-	-
Amortisation of intangible asset	253,436	317,274	-	-
Audit fee:				
- for the financial year	155,000	143,000	43,000	43,000
- under provision in the prior year	59,000	10,100	23,000	10,000
- non-statutory services	5,000	5,000	5,000	5,000
Bad debts written off arising from:				
- contracts with customers	1,090,076	799	-	-
- other trade receivables	-	177,718	-	-
Depreciation of property, plant and equipment	3,041,693	2,113,661	-	-
Impairment losses on:				
- goodwill	3,106,931	-	-	-
- investment in a subsidiary	-	-	2,501,000	-
Intangible assets written off	377,713	276,614	-	-
Loss allowance arising from contracts with customers				
- receivables	404,454	4,202,712	-	-
- contract assets	489,271	-	-	-
Loss allowance on other trade receivables	261,940	106,405	-	-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Loss allowance on other financial assets at amortised cost	539,916	1,235,086	-	-
Interest expense:				
- bank overdrafts	194,742	432,137	-	-
- bankers' acceptances	2,945	192,615	-	-
- hire purchase	58,697	43,029	-	-
- term loan	314,655	299,089	-	-
- bond	17,264,818	16,408,065	-	-
- loan from subsidiary	-	-	418,851	-
Inventories written off	124,364	484,130	-	-
Investment properties written off	-	829,144	-	-
Loss on disposal of investment in an associate	-	255,876	-	-
Fair value loss on financial assets at amortised cost	-	-	-	27,585,703
Property, plant and equipment written off	175,329	38,719	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	9,798,693	11,525,837	-	-
- defined contribution plans	752,724	909,948	-	-
- other benefits	666,139	791,523	-	-
Unrealised gain on foreign currency exchange	(19,437)	(183,554)	-	-
Gain on disposal of property, plant and equipment	(216,109)	(154,303)	-	-
Write back of impairment loss on trade and other receivables	(5,162,421)	(1,730,310)	-	-
Unwinding of discount on financial assets	-	-	(4,292,461)	(4,974,399)
Interest income:				
- fixed deposits	(2,783,311)	(3,411,622)	(134,913)	(99,844)

29. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:				
- current year	247,152	613,347	-	23,963
- (over)/underprovision in prior years	(200,476)	279,988	-	-
	46,676	893,335	-	23,963
Deferred tax:				
- current year	2,986,925	3,295,481	-	-
- under/(over)provision in prior years	251,200	(664,532)	-	-
	3,238,125	2,630,949	-	-
	3,284,801	3,524,284	-	23,963

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit/(Loss) before tax	1,875,123	(11,536,221)	1,105,299	(23,024,187)
Tax at the statutory tax rate of 24%	450,029	(2,768,693)	265,272	(5,525,805)
Tax effects of:				
- non-deductible expenses	3,442,114	3,131,190	764,919	6,743,624
- non-taxable income	(1,190,350)	(104,440)	(1,030,191)	(1,193,856)
Deferred tax assets not recognised	769,030	3,939,988	-	-
Utilisation of deferred tax assets not recognised previously	(236,746)	(162,374)	-	-
Special deduction	-	(126,843)	-	-
Under/(Over) provision in prior years:			-	-
- current tax	(200,476)	279,988	-	-
- deferred tax	251,200	(664,532)	-	-
Income tax expense	3,284,801	3,524,284	-	23,963

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

The following temporary differences exist at the end of the financial year which have not been recognised in the financial statements:

	Group 2019 RM	Group 2018 RM
Deferred revenue	1,066,144	1,267,291
Allowance for doubtful debts	12,278,457	12,910,266
Unabsorbed capital allowances	2,898,507	1,631,545
Unutilised tax losses	22,825,567	19,836,284
Excess of capital allowance claimed over aumulated depreciation on property, plant and equipment	364,520	239,373
Unrealised gain on foreign currency exchange	(19,437)	(183,554)
	39,413,758	35,701,205

Pursuant to relevant tax regulations, unutilised tax losses will expire in 7 years.

30. LOSS PER SHARE

The basic loss per ordinary share has been calculated based on the consolidated 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.

	Group 2019	Group 2018
Loss attributable to owners of the Company (RM)	(2,848,541)	(17,992,878)
Weighted average number of ordinary shares at 30 September	658,339,134	654,123,665
Basic loss per share attributable to owners of the parent	(0.43) sen	(2.75) sen

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price for Company's shares during the financial year.

31. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Fixed deposits with licenced banks	38,729,455	43,350,765	4,000,000	4,098,385
Cash and bank balances	27,699,118	51,191,337	503,635	358,963
Bank overdrafts	(944,577)	(2,364,131)	-	-
	65,483,996	92,177,971	4,503,635	4,457,348
Less: surplus funds placed in fixed deposits with licensed banks	(32,766,417)	(31,052,026)	-	-
Less: fixed deposit pledged under licensed bank	(4,863,038)	(5,985,620)	(4,000,000)	(4,098,385)
Less: Debt Service Reserve Account	(6,065,080)	(1,018,507)	-	-
	21,789,461	54,121,818	503,635	358,963

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2019	2018
	RM	RM
Aggregate cost of property, plant and equipment acquired	7,936,267	5,468,388
Financed via hire purchase	-	(787,500)
Unpaid balances included under other payables (Note 24)	-	(2,185,700)
Cash paid in respect of prior year acquisition	2,185,700	-
	10,121,967	2,495,188

33. RELATED PARTY DISCLOSURES

(a) Significant transactions with the related parties during the financial year:-

	Company	
	2019	2018
	RM	RM
Interest expense charged by a subsidiary	418,851	-

(b) Compensation of key management personnel

The key management are the persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

The remuneration of the key management personnel of the Group and the Company during the year comprises:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors				
- fee	130,000	213,800	130,000	213,800
- other remuneration	2,188,390	1,957,181	29,000	-
- defined contribution plans	81,942	198,343	-	-
Key management personnel				
Short-term employee benefits	754,712	545,952	-	-

34. 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:

(i) Systems integration segment - involved in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, security monitoring systems, integrated audio and visual systems and other related electronic systems.

(ii) Rental and hotel segment - involved in renting, maintaining and upkeep of properties, health television operator and hotel operator.

(iii) Concession segment - involved in concession arrangement between the Group and the Grantor for the privatisation of the design, development, construction and completion of the Facilities and Infrastructure for JKR Training Institute and to carry out the Asset Management Services.

(iv) Investment holding segment – investment holding

(v) Property development segment - involved in development of properties.

Group

2019 **Revenue**	System integration RM	Rental and hotel RM	Concession assets RM	Investment holding RM	Property development RM	Elimination RM	Group RM
External revenue	6,812,431	17,352,230	32,366,273	240,000	-	-	56,770,934
Intersegment revenue	4,925,157	228,000	-	-	-	(5,153,157)	-
Total revenue	11,737,588	17,580,230	32,366,273	240,000	-	(5,153,157)	56,770,934
Results							
Segment results (external)	(3,377,361)	(1,736,580)	22,387,912	2,743,657	(440,266)	-	19,577,362
Interest income	93,274	-	1,512,227	1,177,810	-	-	2,783,311
	(3,284,087)	(1,736,580)	23,900,139	3,921,467	(440,266)	-	22,360,673
Finance cost	(257,799)	-	(14,314,496)	(5,913,255)		-	(20,485,550)
Profit before tax							1,875,123
Income tax expense							(3,284,801)
Loss after tax							(1,409,678)
Non-controlling interest							(1,438,863)
Net loss attributable to owners of the Company							(2,848,541)

Group

2019 **Other information**	System integration RM	Rental and hotel RM	Concession assets RM	Investment holding RM	Property development RM	Group RM
Segment assets	15,426,207	94,265,275	204,402,056	41,562,704	10,383,517	366,039,759
Segment liabilities	6,092,519	7,059,989	210,801,380	85,036,375	1,942,254	310,932,517
Capital expenditure						
- property, plant and equipment	356,377	7,491,890	-	-	88,000	7,936,267
- investment properties	-	1,296,050	-	-	-	1,296,050
TWritten off:						
- property, plant and equipment	166,808	8,315	206	-	-	175,329
- intangible assets	377,713	-	-	-	-	377,713
- inventories	124,364	-	-	-	-	124,364
- goodwill	3,106,931	-	-	-	-	3,106,931
Depreciation and amortisation	2,123,773	1,199,651	10,511	5,744	115,315	3,454,994
Loss allowance arising from contracts with customers						
- receivables	404,454	-	-	-	-	404,454
- contract assets	489,271	-	-	-	-	489,271
Loss allowance on:						
- other trade receivables	-	261,940	-	-	-	261,940
- other financial assets at amortised cost	539,916	-	-	-	-	539,916
Write back of impairment loss on trade and other receivables	(4,665,007)	(497,414)	-	-	-	(5,162,421)
Bad debts written off arising from contracts with customers	1,090,076	-	-	-	-	1,090,076

Group

2018 **Revenue**	System integration RM	Rental and hotel RM	Concession assets RM	Investment holding RM	Property development RM	Elimination RM	Group RM
External revenue	11,097,680	16,553,864	29,398,637	240,000	(1,440)	-	57,288,741
Intersegment revenue	1,009,432	356,000	-	-	-	(1,365,432)	-
Total revenue	12,107,112	16,909,864	29,398,637	240,000	(1,440)	(1,365,432)	57,288,741
Results							
Segment results (external)	(16,193,728)	1,658,539	23,664,882	(821,560)	(2,007,164)	-	6,300,969
Interest income	74,401	-	2,792,145	545,076	-	-	3,411,622
	(16,119,327)	1,658,539	26,457,027	(276,484)	(2,007,164)	-	9,712,591
Finance cost	(265,747)	(303,571)	(17,732,634)	(2,690,984)	-	-	(20,992,936)
Share of results in associate							141,452
Loss on disposal of investment in an associate							(255,876)
Loss before tax							(11,394,769)
Income tax expense							(3,524,284)
Loss after tax							(14,919,053)
Non-controlling interest							(3,073,825)
Net loss attributable to owners of the Company							(17,992,878)

Group

2018 **Other information**	System integration RM	Rental and hotel RM	Concession assets RM	Investment holding RM	Property development RM	Group RM (Restated)
Segment assets	16,023,595	25,455,197	228,943,664	57,268,161	64,446,956	392.137,573
Unallocated assets						1,796,300
						393,933,873
Segment liabilities	12,035,552	9,385,616	228,620,664	84,945,858	2,429,263	337,416,953
Capital expenditure						
- property, plant and equipment	1,099,702	4,368,686	-	-	-	5,468,388
- investment properties	-	319,650	-	-	-	319,650
Written off:						
- property, plant and equipment	-	16,717	22,002	-	-	38,719
- intangible assets	276,614	-	-	-	-	276,614
- investment properties	-	829,144	-	-	-	829,144
- inventories	484,130	-	-	-	-	484,130
Depreciation and amortisation	1,665,045	740,973	28,383	5,744	137,965	2,578,110
Loss allowance arising from contracts with customers						
- receivables	4,202,712	-	-	-	-	4,202,712
Loss allowance arising from:						
- other trade receivables	-	106,405	-	-	-	106,405
- other financial assets at amortised cost	1,235,086	-	-	-	-	1,235,086
Write back of impairment loss on trade and other receivables	(1,337,737)	(392,573)	-	-	-	(1,730,310)
Bad debts written off arising from:						
- contracts with customers	799	-	-	-	-	799
- other trade receivables	-	177,718	-	-	-	177,718

Group	30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
Financial liabilities			
At amortised cost			
Trade and other payables	17,784,884	18,958,213	26,138,740
Amounts owing to directors	43,485	11,288	142,200
Hire purchase payables	966,940	1,508,009	1,252,762
Bonds	276,355,145	298,808,979	274,399,715
Term loan	3,693,841	3,838,856	3,999,403
Bankers' acceptances	-	2,920,000	1,644,000
Bank overdrafts	944,577	2,364,131	3,810,105
	299,788,872	328,409,476	311,386,925

Company			
Financial assets			
At amortised cost			
Trade and other receivables	7,886	9,267	64,094
Amounts owing by subsidiaries	81,830,744	101,005,273	99,048,916
Fixed deposits with licensed banks	4,000,000	4,098,385	-
Cash and bank balances	503,635	358,963	269,819
	86,342,265	105,471,888	99,382,829
Financial liabilities			
At amortised cost			
Trade and other payables	155,361	83,300	90,186
Amounts owing to subsidiaries	29,281,875	52,048,100	31,000,057
Amounts owing to directors	7,500	-	-
	29,444,736	52,131,400	31,090,243

(b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Group and of the Company at the reporting date approximate their fair values.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.9.2019				
Financial liabilities				
Hire purchase payables	-	-	927,543	927,543
Bonds	-	-	301,683,060	301,683,060
	-	-	302,610,603	302,610,603
2018				
Financial liabilities				
Hire purchase payables	-	-	1,494,987	1,494,987
Bonds	-	-	314,134,580	314,134,580
	-	-	315,629,567	315,629,567

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 reporting date.

(ii) The fair values of hire purchase payables are determined by discounting the relevant cash flows using interest rates for similar instruments at the reporting date. The rates used to discount the estimated cash flows are as follows:

	Group 2019 RM	 2018 RM
Hire purchase liabilities	4.38% - 5.03%	4.40%

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity and cash flow risk arising in the normal course of the Group's businesses.

The directors monitor the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The directors review and agree on policies for managing each of these risks and they are summarised below:

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of foreign exchange rates.

The Group is exposed to foreign currency exchange risk on purchases that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar, Pound Sterling, Euro and Singapore Dollar.

The foreign currency denominated monetary items as at the reporting date are not material, hence no sensitivity analysis has been presented.

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 instruments are as follows:

Exposure to interest rate risk

	Group	
	2019	2018
	RM	RM
Fixed rate instrument		
Bankers' acceptances	-	(2,920,000)
Bonds	(276,355,145)	(298,808,979)
Hire purchase payables	(966,940)	(1,508,009)
	(277,322,085)	(303,236,988)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Floating rate instrument				
Fixed deposits with licensed banks	38,729,455	43,350,765	4,000,000	4,098,385
Bank overdrafts	(944,577)	(2,364,131)	-	-
Term loan	(3,693,841)	(3,838,856)	-	-
	34,091,037	37,147,778	4,000,000	4,098,385

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 reporting date, with all other variables held constant:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Effects on (loss)/profit after tax				
Increase of 100 basis points	(340,910)	(371,477)	(40,000)	(40,984)
Decrease of 100 basis points	340,910	371,477	40,000	40,984

Credit Risk

Credit risk refers to the risk that counterparty will default on their contractual obligations resulting in financial loss to the Group.

The Group's primary exposure to credit risk arises through its trade receivables. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An impairment analysis is performed at each reporting date to measure the ECL. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As at 30 September 2019, the Group has no significant concentration of credit risk except for the amount owing from a single customer in respect of its concession agreement activities constituting 92% (30.9.2018 and 1.10.2017: 89%) of total receivables of the Group.

The ageing analysis of receivables which are trade in nature is as follows:

Group 30.9.2019	Gross amount RM	Impairment RM	Carrying value RM
Not past due	176,406,329	(148,789)	176,257,540
Less than 30 days past due	771,708	(27,363)	744,345
Between 30 and 90 days past due	992,436	(171,407)	821,029
More than 90 days past due	13,456,652	(11,363,608)	2,093,044
	191,627,125	(11,711,167)	179,915,958
Individually impaired	179,760	(179,760)	-
	191,806,885	(11,890,927)	179,915,958
30.9.2018			
Not past due	178,172,077	(616,286)	177,555,791
Less than 30 days past due	1,171,544	-	1,171,544
Between 30 and 90 days past due	1,341,507	(5,526)	1,335,981
More than 90 days past due	24,392,827	(11,680,570)	12,712,257
	205,077,955	(12,302,382)	192,775,573
Individually impaired	3,104,956	(3,104,956)	-
	208,182,911	(15,407,338)	192,775,573

Not past due	183,152,887	(6,664)	183,146,223
Less than 30 days past due	6,718,805	(248,217)	6,470,588
Between 30 and 90 days past due	2,297,746	(15,516)	2,282,230
More than 90 days past due	30,652,497	(13,371,980)	17,280,517
	222,821,935	(13,642,377)	209,179,558

The Company is also exposed to credit risk in relation to corporate guarantees in respect of bank facilities granted to the subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risk is amounting to RM23,635,000 (30.9.2018 and 1.10.2017: RM29,235,000).

Liquidity and Cash Flow Risk

Liquidity and cash flow risk is the risk that the Group and the Company will encounter difficulty in meeting their financial obligations due to shortage of funds.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at 30 September based on the contractual undiscounted cash flows.

Group 30.9.2019	Contractual interest %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years M	Over 5 years RM
Trade payables	-	4,086,066	4,086,066	4,086,066	-	-
Other payables, deposits received and accruals	-	13,698,818	13,698,818	13,698,818	-	-
Amounts owing to directors	-	43,485	43,485	43,485	-	-
Hire purchase payables	4.39 - 5.03	966,940	1,043,856	346,648	697,208	-
Bank overdrafts	7.90 - 8.07	944,577	944,577	944,577	-	-
Bonds	4.20 - 16.00	276,355,145	421,600,000	36,310,000	136,640,000	248,650,000
Term loan	6.85	3,693,841	5,324,117	459,636	1,838,544	3,025,937
		299,788,872	446,740,919	55,889,230	139,175,752	251,675,937

30.9.2018	Contractual interest %	Carrying amount RM (Restated)	Contractual undiscounted cash flows RM (Restated)	Within 1 year RM (Restated)	1 – 5 years RM	Over 5 years RM
Trade payables	-	4,267,398	4,267,398	4,267,398	-	-
Other payables, deposits received and accruals	-	14,690,815	14,690,815	14,690,815	-	-
Amount owing to a director	-	11,288	11,288	11,288	-	-
Hire purchase payables	4.39 - 5.03	1,508,009	1,641,486	563,539	1,077,947	-
Bankers' acceptances	5.08 - 5.28	2,920,000	2,920,000	2,920,000	-	-
Bank overdrafts	8.10 - 8.32	2,364,131	2,364,131	2,364,131	-	-
Bonds	4.10 - 16.00	298,808,979	463,935,000	42,335,000	140,120,000	281,480,000
Term loan	6.85	3,838,856	5,783,753	459,636	1,838,544	3,485,573
		328,409,476	495,613,871	67,611,807	143,036,491	284,965,573

1.10.2017						
Trade payables	-	13,575,694	13,575,694	13,575,694	-	-
Other payables, deposits received and accruals	-	12,563,046	12,563,046	12,563,046	-	-
Amount owing to a director	-	142,200	142,200	142,200	-	-
Hire purchase payables	4.37 - 5.03	1,252,762	1,344,529	554,673	789,856	-
Bankers' acceptances	4.98	1,644,000	1,644,000	1,644,000	-	-
Bank overdrafts	8.10	3,810,105	3,810,105	3,810,105	-	-
Bonds	4.00 - 16.00	274,399,715	374,920,000	74,210,000	126,625,000	174,085,000
Term loan	6.85	3,999,403	6,297,712	459,636	1,838,544	3,999,532
		311,386,925	414,297,286	106,959,354	129,253,400	178,084,532

Company 30.9.2019	Contractual interest %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
Other payables and accruals	-	155,361	155,361	155,361	-	-
Amounts owing to subsidiaries	-	29,281,875	29,281,875	29,281,875	-	-
Amounts owing to directors	-	7,500	7,500	7,500	-	-
		29,444,736	29,444,736	29,444,736	-	-
30.9.2018						
Other payables and accruals	-	83,300	83,300	83,300	-	-
Amounts owing to subsidiaries	-	52,048,100	52,048,100	52,048,100	-	-
		52,131,400	52,131,400	52,131,400	-	-
1.10.2017						
Other payables and accruals	-	90,186	90,186	90,186	-	-
Amounts owing to subsidiaries	-	31,000,057	31,000,057	31,000,057	-	-
		31,090,243	31,090,243	31,090,243	-	-

The table below summarised issued financial guarantee contracts of the Company, which represent the banking facilities utilised by the subsidiaries at the reporting date, and is allocated to the earliest period in which the guarantees could be called. However, based on circumstances at the end of the financial year, the directors do not foresee the guarantees will be called.

Company	Contractual undiscounted cash flows	Within 1 year	1 - 5 years	Over 5 years
30.9.2019				
Financial guarantee contracts	4,638,418	4,638,418	-	-
	=========	=========	=========	=========
30.9.2018				
Financial guarantee contracts	9,122,987	9,122,987	-	-
	=========	=========	=========	=========
1.10.2017				
Financial guarantee contracts	9,453,508	9,453,508	-	-
	=========	=========	=========	=========

38. 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 and warrants, buy back issued shares, take on new debt or sell assets to reduce debts.

The Group manages its capital based on debts-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debts-to-equity ratio is calculated as total debts divided by total equity.

The debts-to-equity ratio of the Group at the reporting date was as follows:

	Group		
	30.9.2019 RM	30.9.2018 RM (Restated)	1.10.2017 RM (Restated)
Share capital	102,332,764	102,332,764	94,244,093
Treasury shares	(3,248,747)	(3,248,747)	(3,248,747)
Reserves	(38,468,590)	(35,620,049)	4,881,398
	---------------	---------------	---------------
Total equity	60,615,427	63,463,968	95,876,744
	---------------	---------------	---------------

	Group		
	30.9.2019	30.9.2018	1.10.2017
	RM	RM	RM
Hire purchase payables	966,940	1,508,009	1,252,762
Bankers' acceptances	-	2,920,000	1,644,000
Bank overdrafts	944,577	2,364,131	3,810,105
Bonds	276,355,145	298,808,979	274,399,715
Term loan	3,693,841	3,838,856	3,999,403
Total debts	281,960,503	309,439,975	285,105,985
Debts-to-equity ratio (times)	4.65	4.88	2.97

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

39. ADOPTION OF MFRS AND PRIOR YEAR ADJUSTMENTS

The Group and the Company adopted MFRS on 1 October 2018. The transition date to MFRS is 1 October 2017. The financial statements of the Group and of the Company for the financial year ended 30 September 2019 are the first sets of financial statements prepared in accordance with MFRS. The Group and the Company have applied the accounting policies consistently in the statements of financial position as at 1 October 2017 (date of transition) and throughout all financial years presented, as if these accounting policies had always been in effect. Accordingly, comparative figures in these financial statements have been restated to give effect to these changes.

In the preparation of the financial statements for the year ended 30 September 2019, the Group and the Company applied all relevant standards, amendments and interpretations that are effective mandatorily for the financial periods beginning on or after 1 October 2018. The Group and the Company applied MFRS 1 First-time Adoption of MFRS upon adoption of MFRS. In general, the principles and requirements of MFRS are applied retrospectively.

Key changes to accounting policies of the Group upon adoption of MFRS, are summarised below:

<u>MFRS 9 Financial instruments</u>

MFRS 9 Financial Instruments addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities.

MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. Generally, the classification is determined at initial recognition. The classification depends on the Group's business model for managing its financial assets and the contractual cash flow characteristics of the financial assets. The classification of the financial assets according to MFRS 9 did not have significant impact on the Group. The Group's and the Company's trade and other receivables and other financial assets previously classified as loans and receivables under FRS 139 and measured at amortised cost, meet the conditions to be classified as amortised cost under MFRS 9.

For financial liabilities, MFRS 9 retains most of the FRS 139 requirements which are generally consistent with the accounting policies of the Group in this respect.

MFRS 9 introduced ECL model on impairment of financial assets, that replaces the incurred loss model applied previously, i.e. a loss event needs not occur before an impairment loss is recognised. For trade receivables and contract assets, the Group applied simplified approach under MFRS 9 where the loss allowances are measured at amounts equal to their lifetime ECL. The adoption of MFRS 9 impairment model did not have significant impact to the Group.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers introduced a new model for revenue recognition arising from contracts with customers. In general, the Group recognises revenue to depict the transfer of a promised good or service to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that good transferred or service rendered. Depending on the terms of the contracts with customers, the Group recognises revenue when a performance obligation is satisfied. A performance obligation may be satisfied at a point in time (typically for transfer of goods to a customer) or over time (typically for rendering of services to a customer). The amount of revenue recognised is the consideration allocated to the satisfied performance obligation.

Prior year adjustments

During the financial year ended 30 September 2014 and 30 September 2015, the subsidiary company, Seni Pujaan Sdn Bhd has entered into four(4) Sales and Purchase Agreements with four(4) purchasers to sell off four(4) units of studio suite in The Imperial Heritage Hotel Project with total consideration of RM1.2 million. The revenue and related cost of these sales transactions have been recognised progressively throughout the financial year ended 30 September 2014 to September 2016. The Sales and Purchase Agreements executed were subsequently terminated during financial year ended 30 September 2015 to financial year ended 30 September 2017 respectively. However, the termination has not been reflected in the previous years' financial statements.

The financial effects of the first time adoption of MFRS and prior year adjustments are disclosed as below:

Impact on Consolidated Statement of Financial Position as at 30 September 2018

	As previously stated RM	Effects of adoption of MFRS 15 RM	Prior year adjustments RM	As restated RM
Inventories held for resale	61,932,191	-	1,116,213	63,048,404
Trade receivables	26,743,312	-	(1,079,743)	25,663,569
Amounts owing by contract customers	1,809,099	(1,809,099)	-	-
Contract assets	-	1,809,099	-	1,809,099
Reserves	35,464,007	-	156,042	35,620,049
Other payables and accruals	(15,899,544)	1,337,903	(192,512)	(14,754,153)
Amounts owing to contact customers	(1,068,520)	1,068,520	-	-
Contract liabilities	-	(2,406,423)	-	(2,406,423)
	=========	=========	=========	=========

Impact on Consolidated Statement of Financial Position as at 1 October 2017

	As previously stated RM	Effects of adoption of MFRS 15 RM	Prior year adjustments RM	As restated RM
Inventories held for resale	62,769,815	-	1,116,213	63,886,028
Trade receivables	37,718,956	-	(1,079,743)	36,639,213
Amounts owing by contract customers	4,201,504	(4,201,504)	-	-
Contract assets	-	4,201,504	-	4,201,504
Reserves	(5,037,440)	-	156,042	(4,881,398)
Other payables and accruals	(13,667,524)	1,271,817	(192,512)	(12,588,219)
Amounts owing to contact customers	(471,067)	471,067	-	-
Contract liabilities	-	(1,742,884)	-	(1,742,884)
	=========	=========	=========	=========

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue on 20 January 2020 by the board of directors.

DIGISTAR CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, Mejar (K) Datuk Wira Lee Wah Chong and Tan Sri Dato' Ir .Haji Zaini Bin Omar, being two of the directors of Digistar Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 26 to 98 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2019 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

MEJAR (K) DATUK WIRA LEE WAH CHONG
Director

TAN SRI DATO' IR. HAJI ZAINI BIN OMAR
Director

Kuala Lumpur
20 January 2020

DIGISTAR CORPORATION BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Lee Mey Ling, (I/C No.: 730225-04-5168), being the director primarily responsible for the financial management of Digistar Corporation Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 26 to 98 are 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 the abovenamed
Lee Mey Ling
at Kuala Lumpur
in the Federal Territory

this

LEE MEY LING
Chartered Accountant
MIA Membership No.: 21788

Before me,

ANALYSIS OF SHAREHOLDINGS AS AT 31 DECEMBER 2019

SHARE CAPITAL

Total Issued Shares	:	658,339,134 Shares (including 7,372,808 treasury shares held)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share on a poll
No. of Treasury Shares Held	:	7,372,808

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	147	3.125	5,833	0.000
100 to 1,000	197	4.188	91,603	0.014
1,001 to 10,000	1,084	23.049	7,097,360	1.090
10,001 to 100,000	2,517	53.519	105,904,602	16.268
100,001 to less than 5% of issued shares	756	16.074	399,891,353	61.430
5% and above of issued shares	2	0.042	137,975,575	21.195
Total	**4,703**	**100.00**	**650,966,326**	**100.00**

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Sri Dato' Ir Hj Zaini Bin Omar	-	-	-	-
Mejar (K) Datuk Wira Lee Wah Chong	72,772,049	11.18	66,781,873*	10.26
Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
Thee Kok Chuan	-	-	-	-
Lee Mey Ling	-	-	-	-
Lee Jin Jean	328,571	0.050	-	-
Lee Chun Szen	328,571	0.050	-	-

SUBSTANTIAL SHAREHOLDERS (DIRECT & INDIRECT)
(As per Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
MEJAR (K) DATUK WIRA LEE WAH CHONG	72,772,049	11.18	66,781,873	10.26
LWC CAPITAL SDN BHD	65,203,526	10.02	72,772,049	11.18

Notes:-

* *Deemed interested by virtue of his shareholding in LWC Capital Sdn Bhd pursuant to section 8 of the Companies Act 2016 ("the Act") and the shareholding of his spouse, son and daughter pursuant to Section 59(11)(c) of the Act.*

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2019

No.	Name of Shareholders	No. of Shares	%
1	Lee Wah Chong	72,772,049	11.179
2	Lwc Capital Sdn Bhd	65,203,526	10.016
3	Star Heritage Development Sdn. Bhd.	32,442,400	4.983
4	Chang Mui Lang	17,190,000	2.640
5	Siow Mee Fong	11,642,100	1.788
6	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Gan Seong Liam (7001349)	7,000,000	1.075
7	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Seong Liam	6,100,000	0.937
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kho Chong Yau (E-TSA)	6,036,000	0.927
9	Low Chit Sin	6,000,000	0.921
10	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Nyoh Moy (E-TMR)	4,440,000	0.682
11	Wong Chee Kheong	4,210,000	0.646
12	Macotrade Sdn Bhd	4,040,100	0.620
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Secret Recipe Cakes & Cafe Sdn Bhd (E-SS2)	3,656,200	0.561
14	Tye Yien Yin	3,620,000	0.556
15	Low Poh Ling	3,545,000	0.544
16	Low Chit Sin	3,500,095	0.537
17	Tong Fong Realty Sdn.Berhad	3,170,800	0.487
18	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Fut Ling (001)	2,775,570	0.426
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Simco Assets Sdn Bhd (E-SS2)	2,650,000	0.407
20	Loo Ah Moy@ Loh Ng Looi	2,550,000	0.391
21	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sinar Maju Enterprise Sdn Bhd	2,426,000	0.372
22	Ong Fee Chong	2,128,161	0.326
23	Wong Kok Sin	2,000,000	0.307
24	Woo Chee Man	2,000,000	0.307
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Tee Loke	1,985,400	0.304
26	Tee Kim Heng	1,910,000	0.293
27	Lim Swee Jin	1,840,000	0.282
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foong Chee Peng	1,833,200	0.281
29	Ong Chun-Chiat	1,802,000	0.276
30	Ooi Chin Soon	1,729,000	0.265
	Total	**282,197,601**	**43.350**

ANALYSIS OF WARRANT HOLDGINS AS AT 31 DECEMBER 2019

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 HOLDGINS

Size of Shareholdings	No. of Holders	No. of Warrant	%
Less than 100	107	4,767	0.006
100 to 1,000	70	42,758	0.057
1,001 to 10,000	446	1,969,080	2.660
10,001 to 100,000	347	14,674,277	19.823
100,001 to less than 5% of issued shares	111	38,954,452	52.623
5% and above of issued shares	2	18,379,000	24.828
Total	**1,083**	**74,024,334**	**100.00**

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Warrant Held	%
1	Lwc Capital Sdn Bhd	13,595,019	18.365
2	Lee Wah Chong	4,783,981	6.462
3	Gan Seong Liam	2,838,000	3.833
4	Chang Mui Lang	1,800,000	2.431
5	Lim Keng Chuan	1,308,700	1.767
6	Abdul Sathar Bin M S M Abdul Kadir	1,300,000	1.756
7	Citigroup Nominees (Asing) Sdn Bhd Exempt an for UBS AG Singapore (Foreign)	1,000,000	1.350
8	Lee Sim Nee	1,000,000	1.350
9	Quek Paw Hee	1,000,000	1.350
10	Lim Seok Kim	930,000	1.256
11	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Nyoh Moy (E-TMR)	915,000	1.236
12	Phua Pok In	908,000	1.226
13	Koo King Tong	830,000	1.121
14	Low Chit Sin	700,000	0.945
15	Tan Ho Foot	678,300	0.916
16	Koh Chin Koon	673,300	0.909
17	Ng Lung Heam @ Ng Ling Keam	648,000	0.875
18	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kho Ping	600,000	0.810
19	Tee Wei Keat	600,000	0.810
20	Ng Mei Yee	542,700	0.733
21	Lim Kim Leng	507,400	0.685
22	Chung Seong Huat	500,000	0.675
23	Ong Fee Chong	456,034	0.616

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANT (CONT'D)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Warrant Held	%
24	Low Chow Seng	453,200	0.612
25	Datuk Tay Hock Tiam	418,900	0.565
26	Gan Keng Meng	416,300	0.562
27	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Boon Kim Yu (CCTS)	404,700	0.546
28	Chee Kok Yean	400,000	0.540
29	Tee Hock Seng	390,000	0.526
30	Yeo Siew Poh	358,800	0.484
	Total	**40,956,334**	**55.328**

DIRECTORS' WARRANT HOLDINGS (DIRECT & INDIRECT)
(As per Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest	%	Indirect Interest	%
1. Tan Sri Dato' Ir Hj Zaini Bin omar	-	-	-	-
2. Mejar (K) Datuk Wira Lee Wah Chong	4,783,981	6.462	13,605,186*	18.379
3. Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
4. Thee Kok Chuan	-	-	-	-
5. Lee Mey Ling	-	-	-	-
6. Lee Jin Jean	-	-	-	-
7. Lee Chun Szen	-	-	-	-

* Deemed interested by virtue of his shareholding in LWC Capital Sdn bhd pursuant to section 8 of the Companies Act 2016 ("the Act") and the shareholding of his spouse pursuant to Section 59(11)(c) of the Act

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

	Build-up Area/ Land Area* (sq.ft.)	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	41 years	40,740	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	24 years	305,192	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	24 years	345,741	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	24 years	248,079	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	24 years	261,265	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	24 years	237,094	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	24 years	248,873	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	24 years	269,281	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	24 years	389,224	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	19 years	127,378	2002
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	17 years	42,300	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	26 years	925,376	2005
500, Jalan Ampang Utama 1/1, Taman Ampang Utama, 68000 Ampang, Selangor	Vacant land	Land area: 6,175	Leasehold for 99 years expiring on 2/2/2076	N/A	2,305,859	2010

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

	Build-up Area/ Land Area* (sq.ft.)	Build-up Area/ Land Area* (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value/ Net Realisable Value# (RM)	Year of Acquisition
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	2,803,646	2011
1-2-37, 1-Avenue Medan Kampung Relau 1, Bayan Lepas, 11900 Penang	An intermediate office lot in a 4 storey shop/ office unit	978	Freehold	8 years	354,628	2012
C1-0419, Jalan Indah 15, Taman Bukit Indah, Nusajaya, Johor	An intermediate office lot in a 5 storey shop/ Office Unit	947	Freehold	7 years	336,876	2013
PT 834 Melaka Tengah, Kawasan Bandar XXX1X	Vacant Land	Land ares: 4290	Leasehold for 99 years expiring on 29/6/2107	N/A	1,228,430	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	14 years	94,959	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	14 years	99,656	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	14 years	93,085	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	1,647,008	2016
Lot 19545, Mukim Cheng, District of Melaka Tengah,	Vacant Land	Land area : 359,836	Freehold	N/A	7,089,801	2016
G0-2, Grd Floor, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	An intermediate 2storey shop lot	3392	Leasehold for 99 years expiring on 29/6/2107	5 years	4,756,860.91	2019
G0-3, Grd Floor, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	An intermediate 2storey shop lot	3239	Leasehold for 99 years expiring on 29/6/2107	5 years	4,542,297.32	2019
G0-8, Grd Floor, The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	An intermediate 2storey shop lot	2508	Leasehold for 99 years expiring on 29/6/2107	5 years	3,545,207.66	2019
129 Units Apartment Condotel The Imperial Heritage, Jalan Merdeka, 75000 Bandar Hilir, Melaka	Apartment Condotel	56,487	Leasehold for 99 years expiring on 29/6/2107	5 years	55,379,845.95	2019

DIGISTAR CORPORATION BERHAD
Registration No. 200301001232 (603652-K)
(Incorporated In Malaysia)

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Digistar Corporation Berhad will be held at Platinum Hall, Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Thursday, 12 March 2020 at 10 a.m. to transact the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2019 together with the Directors' and Auditors' Report thereon. **(Refer to Explanatory Note 1)**

2. To approve the payment of Directors' Fees and Benefits of RM130,000 in respect of the financial year ended 30 September 2019 respectively. **Ordinary Resolution 1**

3. To approve the Directors' fees of RM160,000 payable for the period from 1 October 2019 until the conclusion of the next annual general meeting of the Company. **Ordinary Resolution 2**

4. To approve the of Directors' benefits of up to RM18,000 payable for the period from 1 October 2019 until the conclusion of the next annual general meeting of the Company. **Ordinary Resolution 3**

5. To re-elect the following Directors who retire in accordance with Clause 100 of the Constitution of the Company:

   a) Mejar (K) Datuk Wira Lee Wah Chong **Ordinary Resolution 4**

   b) Mr. Thee Kok Chuan **Ordinary Resolution 5**

6. To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS:

7. RETENTION OF INDEPENDENT DIRECTOR OF THE COMPANY

"THAT pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, Dato' Haji Ishak Bin Haji Mohamed who has served the Board as an Independent Non-Executive Director of the Company for a term of nine (9) years since 27 May 2011 be and is hereby retained as an Independent Non-Executive Director of the Company." **Ordinary Resolution 7**
(Refer to Explanatory Note 2)

8. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"THAT subject to Sections 75 and 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company, or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting." **Ordinary Resolution 8**
(Refer to Explanatory Note 3)

9. **PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY**

"THAT, subject always to the Companies Act 2016 ("the Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of all the relevant authorities (if any), the Company be and is hereby authorised, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

i) The maximum aggregate number of shares which may be purchased and held by the Company must not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time ("Proposed Share Buy-Back");

ii) The maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company's retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

iii) The shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resold or transfer on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and Listing Requirements from time to time.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(a) The conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;

(b) The expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) The authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority. **Ordinary Resolution 9**
(Refer to Explanatory Note 4)

ANY OTHER BUSINESS:

10. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board

Wong Youn Kim
(MAICSA 7018778)
Company Secretary

Kuala Lumpur
Date: 31 January 2020

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 17th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 6 March 2020. Only a depositor whose name appears on the Record of Depositors as at 6 March 2020 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend 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 is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one 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.

5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.

7. If the appointer is a corporation, the Proxy Form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.

8. If this proxy Form 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 this proxy Form 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 proxy Form.

Explanatory Notes

a) **Explanatory Note 1**

<u>To receive the Audited Financial Statements for the financial year ended 30 September 2019</u>

This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act"), the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not be put forward for voting.

b) **Explanatory Note 2**

<u>Proposed Retention of Independent Non-Executive Director</u>

The Nomination Committee has assessed the independence of Dato' Haji Ishak Bin Haji Mohamed who have served as Independent Non-Executive Director of the Company for a term of nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company on the following justifications:

i. Dato' Haji Ishak Bin Haji Mohamed fulfilled the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and they would be able to provide proper check and balance thus bringing an element of objectivity to the Board;

ii. Their length of services on the Board of nine (9) years do not in any way interfere with their exercise of objective judgement or their ability to act in the best interest of the Company and the Group. In fact, they are familiar with the Group's business operations and have always actively participated in Board and Board Committee discussions and have continuously provided an independent view to the Board; and

iii. They have exercised due care during their tenures as Independent Director of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgement into the decision making of the Board and in the best interest of the Company and its shareholders.

c) **Explanatory Note 3**

<u>Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016</u>

The ordinary Resolution 8 is proposed to seek a renewal of general mandate for authority to issue shares pursuant to Sections 75 and 76 of the Act. If the resolution was passed, it will give the Directors of the Company from the date of the above meeting, authority to issue and allot shares 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 AGM.

The Company did not issue any shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general authority which was approved at the 16th Annual General Meeting held on 19 March 2019 and which will lapse at the conclusion of the 17th Annual General Meeting to be held on 12 March 2020.

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.

d) **Explanatory Note 4**

<u>Proposed Renewal of Authority to purchase its own shares of up to 10% of the total number of issued shares in the Company</u>

The proposed Ordinary Resolution 9 is to empower the Directors to buy-back and/or hold up to a maximum of 10% of the total number of the Company's issued shares at any point of time, by utilizing the amount allocated which shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available, subject to the Act, listing Requirements, 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 AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is the earlier.

Please refer to the Share Buy-back Statement as set out in the Annual Report of the Company for further information.

STATEMENT ACCOMPANYING NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

1. The Directors seeking for re-election/re-appointment at the Seventeenth Annual General Meeting of Digistar Corporation Berhad are as follows:

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

   (b) Mr. Thee Kok Chuan

2. Retention of Independent Non-Executive Director as follow:

   a) Dato' Haji Ishak Bin Haji Mohamed

   The Profile of the Directors seeking for re-election and retention are set out on Page 2 & Page 3 of this Annual Report

   The details of the Directors' interest in the securities of the Company are stated on Page 99 of this Annual Report

3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 30 September 2019 are disclosed in the respective profiles of the Directors.

4. The details of the Seventeenth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Thursday, 12 March 2020	10 a.m.	No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia

Form Of Proxy

DIGISTAR CORPORATION BERHAD
Registration No.200301001232 (603652-K)
(INCORPORATED IN MALAYSIA)

CDS Account No.	
No. of shares held	

*** 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 Seventeenth Annual General Meeting of the Company to be held at Platinum Hall, Level 3, Imperial Heritage Hotel Melaka**,** No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Thursday, 12 March 2020 at 10 a.m. or any adjournment thereof.

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

ORDINARY RESOLUTION	**FOR**	**AGAINST**
1. To approve the payment of Directors' Fees and Benefits of RM130,000 in respect of the financial year ended 30 September 2019 respectively.		
2. To approve the Directors' Fees of RM160,000 payable for the period from 1 October 2019 until the conclusion of the next Annual General Meeting of the Company		
3. To approve the of Directors' benefits of up to RM18,000 payable for the period from 1 October 2019 until the conclusion of the next Annual General Meeting of the Company		
4. To Re-election of Mejar (K) Datuk Wira Lee Wah Chong		
5. To Re-election of Mr. Thee Kok Chuan		
6. To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7. Retention of Independent Non-Executive Director- Dato' Haji Ishak Bin Haji Mohamed		
8. Authority to issue Shares		
9. Proposed Renewal of Authority for Share Buy-Back		

(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

Signed this...................day of 2020

....
Signature/Common Seal of Member

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

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		

Fold this flap for sealing

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 17th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 6 March 2020. Only a depositor whose name appears on the Record of Depositors as at date shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend 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 is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one 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.
5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notariaily certified copy of that power or authority shall be deposited at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
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8. If this Proxy Form 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 this Proxy Form 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 Proxy Form.

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AFFIX
STAMP

DIGISTAR

DIGISTAR CORPORATION BERHAD

COMPANY SECRETARY

Level 2, Tower 1, Avenue 5
Bangsar South City 59200 Kuala Lumpur

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