



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2008 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2008 RM'000	Preceding Year Corresponding Quarter 30/09/2007 RM'000	Current Year To Date 30/09/2008 RM'000	Preceding Year Corresponding Period 30/09/2007 RM'000
Revenue	18,937	17,419	52,523	38,260
Cost of sales	(15,127)	(16,137)	(42,621)	(32,956)
Gross profit	3,810	1,282	9,902	5,304
Other income	149	155	357	386
Administrative expenses	(3,330)	(1,579)	(8,389)	(5,334)
Other expenses	(159)	(1,438)	(649)	(1,987)
Finance costs	(160)	(149)	(450)	(539)
Profit/(Loss) before taxation	310	(1,729)	771	(2,170)
Income tax expense	(83)	75	(152)	195
Profit/(Loss) for the period	227	(1,654)	619	(1,975)
Attributable to:				
Equity holders of the parent	227	(1,654)	619	(1,975)
Minority interest	-	#	-	#
	227	(1,654)	619	(1,975)
Earnings/(Loss) per share attributable to equity holders of the parent:				
- basic (sen)	0.13	(0.89)	0.34	(1.09)
- fully diluted (sen)	N/A	N/A	N/A	N/A

Note:

Negligible

The Condensed Consolidated Income Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2007.



QUARTERLY REPORT ON CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 30/09/2008 RM'000	As At Preceding Financial Year Ended (As Restated) 30/09/2007 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,719	6,042
Prepaid lease payments	594	602
Investment Properties	366	366
	7,679	7,010
CURRENT ASSETS		
Inventories held for resale	2,613	2,019
Trade receivables	21,947	15,524
Other receivables, deposit and prepayment	733	460
Amount owing by contract customers	-	2,667
Fixed deposits with licensed banks	7,921	8,836
Tax refundable	124	271
Cash and bank balances	130	1,818
	33,468	31,595
TOTAL ASSETS	41,147	38,605
EQUITY AND LIABILITIES		
EQUITY		
Share capital	19,158	19,158
Share premium	1,630	1,630
Warrant reserve	503	503
Treasury Shares, at cost	(2,010)	(590)
Retained profits	6,853	6,234
TOTAL EQUITY	26,134	26,935
NON-CURRENT LIABILITIES		
Hire purchase payables	42	133
Deferred taxation	42	42
TOTAL NON-CURRENT LIABILITIES	84	175
CURRENT LIABILITIES		
Trade payables	3,266	3,904
Amount owing to contract customers	3,010	-
Other payables and accruals	506	824
Provision for taxation	197	-
Bank overdraft	3,972	3,234
Short term borrowings	3,978	3,533
TOTAL CURRENT LIABILITIES	14,929	11,495
TOTAL LIABILITIES	15,013	11,670
TOTAL EQUITY AND LIABILITIES	41,147	38,605
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)		
	14.65	14.35

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2007.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2008 (The figures have not been audited)

	← Non-Distributable Reserve →					Distributable Reserve Retained Profits	Total
	Share Capital	Share Premium	Warrant Reserve	Treasury Shares	Negative Goodwill		
	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 October 2007 (as restated)	19,158	1,630	503	(590)	-	6,234	26,935
Share Repurchased	-	-	-	(1,420)	-	-	(1,420)
Net Profit for the period	-	-	-	-	-	619	619
At 30 September 2008	<u>19,158</u>	<u>1,630</u>	<u>503</u>	<u>(2,010)</u>	<u>-</u>	<u>6,853</u>	<u>26,134</u>
At 1 October 2006	17,358	1,146	-	-	4,031	4,178	26,713
Effects of adopting FRS 3	-	-	-	-	(4,031)	4,031	-
Private placement of 6,500,000 shares	650	130	-	-	-	-	780
Private placement expenses	-	(30)	-	-	-	-	(30)
Rights Issue of Warrants	-	-	900	-	-	-	900
Rights Issue of Warrants expenses	-	-	(397)	-	-	-	(397)
	-	-	-	-	-	-	-
Private Placement of 11.5M share	1,150	460	-	-	-	-	1,610
Private placement expenses	-	(76)	-	-	-	-	(76)
	-	-	-	-	-	-	-
Share Repurchased	-	-	-	(590)	-	-	(590)
	-	-	-	-	-	-	-
Net Loss for the Period	-	-	-	-	-	(1,975)	(1,975)
At 30 September 2007	<u>19,158</u>	<u>1,630</u>	<u>503</u>	<u>(590)</u>	<u>-</u>	<u>6,234</u>	<u>26,935</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2007.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2008 (The figures have not been audited)

	30/09/2008 RM'000	30/09/2007 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before taxation	771	(2,170)
Adjustments for:-		
Non cash items	2,665	1,986
Non operating items	47	(362)
Operating profit/(loss) before working capital changes	3,483	(546)
Net changes in current assets	(3,542)	(1,044)
Net changes in current liabilities	(1,046)	1,841
Cash (for)/from operations	(1,105)	251
Interest paid	(376)	(460)
Income tax paid	193	137
Net cash (for)/from operating activities	(1,288)	(72)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	267	265
Purchase of property, plant and equipment	(1,350)	(77)
Net cash flow on acquisition of a subsidiary	-	2
Proceeds from disposal of equipment	5	52
Proceeds from disposal of long term investment	-	1,000
Net cash (for)/from investing activities	(1,078)	1,242
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares and warrants	-	2,700
Acquire of treasury shares	(1,420)	-
Increase in bills payable	694	1,181
Repayment of hire purchase obligations	(249)	(290)
Net cash (for)/from financing activities	(975)	3,591
Net (decrease)/increase in cash and cash equivalents	(3,341)	4,761
Cash and cash equivalents at beginning of the period	7,420	2,659
Cash and cash equivalents at end of the period	4,079	7,420
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank		
- available	2,320	3,416
- restricted	5,601	5,420
Cash and bank balances	130	1,818
Bank overdraft	(3,972)	(3,234)
	4,079	7,420

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2007.



UNAUDITED QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2008

A. EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard (FRS) 134 Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ market, and should be read in conjunction with the Group’s annual financial report for the financial year ended 30 September 2007.

The accounting policies adopted by Digistar Corporation Berhad (“Digistar”) and its subsidiary companies (“Group”) in the interim financial report are consistent with those adopted for the financial statements for the financial year ended 30 September 2007.

A2. Changes in Accounting Policies

The Company has adopted the following new and revised FRS issued by MASB that are relevant to its operations effective from accounting periods beginning on 1 October 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRS does not have any significant financial impact on the Group.

A3. Seasonal or Cyclical Factors

Save as disclosed in Note B1 and B2, the results of the Group were not materially affected by any significant seasonal or cyclical factors during the quarter under review.

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

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

A5. Material Changes in Estimates

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



A6. Debts and Equity Securities

Save as disclosed below, there was no issuance, repurchase and repayment of debt and equity securities, for the current period and financial year-to-date.

A total of 377,000 ordinary shares of the Company were repurchased from the open market for a total consideration of RM 37,915.14 in the current financial quarter. For the financial year to date, there is a total of 9,683,500 ordinary shares of the Company were repurchased with a total consideration of RM 1,419,342.99. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 September 2008, the number of treasury shares held were 13,526,600 ordinary shares.

A7. Dividend Paid

No dividend was paid during the quarter under review.

A8. Segmental Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
REVENUE BY ACTIVITIES				
System integration	16,430	9,760	27,759	23,418
Maintenance income	341	1,009	3,354	2,122
Sales of goods	1,966	6,531	20,673	12,238
Rental income	200	119	737	482
Total	<u>18,937</u>	<u>17,419</u>	<u>52,523</u>	<u>38,260</u>

A9. Material Events Subsequent to the End of the Quarter

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

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A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review and financial year to-date except for the following:

- a) the acquisition by the Company of a Singapore subsidiary, Digilink International Pte. Ltd. through subscription of 27,500 ordinary shares of S\$1.00 each representing 55% of its issued and fully paid-up share capital for a total cash consideration of S\$27,500.00 only on 2 October 2007;
- b) the acquisition by the Company of 9 ordinary shares of RM1.00 each in a subsidiary, Nielsen Ward Sdn Bhd (“NWSB”) comprising 9% equity interest in NWSB for a cash consideration of RM9 only on 19 December 2007 and further acquisition of another 10 ordinary shares of RM1.00 each 10% equity interest in NWSB for a cash consideration of RM10 only on 23 July 2008;
- c) the acquisition by the Company of 2,900 ordinary shares of RM1.00 each in a subsidiary, Digistar Rauland MSC Sdn Bhd (“DRMSB”) comprising 29% equity interest in DRMSB for a total cash consideration of RM2,900 only on 24 January 2008;
- d) the acquisition by the Company of 30 ordinary shares of RM1.00 each in a subsidiary, Rauland Asia Sdn Bhd (“RASB”) comprising 30% equity interest in RASB for a cash consideration of RM30 only on 23 July 2008;
- e) the acquisition by the Company of 20 ordinary shares of RM1.00 each in a subsidiary, Digistar Engineering Sdn Bhd (“DESB”) comprising 20% equity interest in DESB for a cash consideration of RM20 only on 23 July 2008;
- f) the acquisition by the Company of 30 ordinary shares of RM1.00 each in a subsidiary, Digistar Media Sdn Bhd (“DMSB”) comprising 30% equity interest in DMSB for a cash consideration of RM30 only on 23 July 2008; and
- g) the acquisition by the Company of 200 ordinary shares of RM1.00 each in a subsidiary, Aman Geliga Sdn Bhd (“AGSB”) comprising 20% equity interest in AGSB for a cash consideration of RM200 only on 23 July 2008.

A11. Contingent Liabilities

- a) The Company has provided corporate guarantee for a hire purchase facility granted to a wholly-owned subsidiary for a total amount of RM390,000. As at 30 September 2008, the said hire purchase balance stood at RM22,418.00.
- b) The Company has also provided corporate guarantees for bank facilities granted to a wholly-owned subsidiary for a total amount of RM28 million. As at 30 September 2008, the total outstanding balances of the bank facilities are disclosed in Note B9 below.

Save as disclosed in the above, there were no material contingent liabilities as at 25th November 2008, being the date not earlier than 7 days from the date of this announcement.



A12. Significant Related Party Transactions

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

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

The Group registered a revenue and profit before taxation of RM18.9 million and RM310,000 respectively for the fourth quarter ended 30 September 2008 as compared to a revenue and loss before tax of RM17.4 million and RM1.7 million in the preceding year corresponding quarter. The increased in profit before tax is mainly due to increase of revenue from the system integration and sales of goods activities during the current quarter with better margin.

The Group registered cumulative revenue of RM52.5 million for the year ended 30 September 2008, an increase of 37% compared to the preceding year ended 30 September 2007. The Group registered cumulative profit before tax of RM771,000 for the year ended 30 September 2008 compared to a loss before tax of RM2.0 million for the preceding year ended 30 September 2007. This improved performance was attributable to higher revenue generated from system integration and sales of goods activities with better profit margin

Save as disclosed above, there are no material factors which have affected the earnings and revenue of the Group for the current quarter and financial year to date.

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended 30/09/2008 RM'000	Preceding Quarter Ended 30/06/2008 RM'000	Difference	
			RM'000	%
Revenue	18,937	11,506	7,431	64.6
Profit before taxation	<u>310</u>	<u>238</u>	<u>72</u>	<u>30.3</u>

The revenue for the current quarter jumped by 64.5% while the Group registered a profit before taxation of RM310,000 as compared to the preceding quarter profit of RM238,000. The increased in the profit before taxation is in line with the increased of revenue from system integration and sales of goods during the quarter under review.

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B3. Prospects for the Financial Year Ending 30 September 2008

Barring any unforeseen circumstances and provided that Malaysian economy does not slip into recession in the coming year, the Directors anticipate that the Group will remain profitable in the financial year ending 30 September 2009.

B4. Profit Forecast, Profit Guarantee and Internal Targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

B5. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 30/09/2008 RM'000	Preceding Year Corresponding Quarter 30/09/2007 RM'000	Current Year To Date 30/09/2008 RM'000	Preceding Year Corresponding Period 30/09/2007 RM'000
Tax payable for the period	83	122	164	30
Over provision for taxation in prior year	-	-	(12)	(225)
	<u>83</u>	<u>122</u>	<u>152</u>	<u>(195)</u>

The effective tax rate of the Group for the financial year-to-date and the current quarter is higher than the statutory tax rate due to certain expenses were not allow for tax purposes.

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

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

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter. The Company/Group does not hold any quoted securities as at 30 September 2008.

B8. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 25th November 2008.



B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 September 2008 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	3,972	-	3,972
Trust receipts and bankers acceptance	3,978	-	3,978
Hire purchase liabilities	49	42	91
Unsecured:-			
Hire purchase liabilities	42	-	42
Total	8,041	42	8,083

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 25th November 2008, being the date not earlier than 7 days from the date of this announcement.

B11. Material Litigation

Save as disclosed below, the Company and/or its subsidiaries are not engaged in any material litigation which may materially or adversely affect the financial position or business of the Digistar Group.

Klang Sessions Court Summons No: 1-52-1105-2004

On 10 June 2004, a wholly owned subsidiary of the Company, Digistar Holdings Sdn Bhd ("DHSB") commenced legal proceedings against a former employee, Koh Jui Lian, whereby DHSB is claiming for the return of a sum of RM31,000.00 (together with interest on the said sum at the rate of 8% per annum calculated from 10 June 2004 until the date of full realisation), which was erroneously paid as advance sales commission to the said Koh Jui Lian. In turn, Koh Jui Lian is counter-claiming for a sum of RM450,129.00 towards outstanding sales commission allegedly due to him between 1995 and 1999. The Court has fixed 28 November 2008 for hearing of this case.

The directors have been advised by their legal counsel that a part of each party's claims against the other is barred by the prescribed limitation period under the Limitation Act. Further, to succeed in his claim, Koh Jui Lian will be required to prove all his commission claims at the upcoming trial.



B11. Material Litigation (Cont'd)

Writ of Summons No. D-22-2024-2008 and Statement of Claim against Ranhill Engineers And Constructors Sdn. Bhd. ("REAC")

On 5 November 2008, a wholly-owned subsidiary of the Company, DHSB had through its Solicitors filed a Writ of Summons and Statement of Claim against REAC at Kuala Lumpur High Court of Malaya ("the Court") for the following claims:-

- a) Total outstanding amount of RM1,576,361.85 as at 6 October 2006 for works done under "the design, supply, installation, testing and commissioning of extra low voltage system for nurses and hospital block for the proposed 620 bedded Serdang Hospital in Serdang, Mukim Dengkil, Selangor Darul Ehsan";
- b) Interest on the above sum at a rate of 8% per annum from 7 October 2006 until the date of judgment and interest at the rate of 8% per annum from the date of judgment until the date of full settlement;
- c) Cost; and
- d) Other reliefs as the Court deems fit.

There is no major financial impact of the legal proceedings on the Company.

B12. Dividends

There was no dividend declared/recommended by the Board of Directors for the current financial period under review as well as the previous corresponding quarter. There is no dividend declared/recommended for the financial year to-date.

B13. Earnings/(Loss) Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2008	Preceding Year Corresponding Quarter 30/09/2007	Current Year To Date 30/09/2008	Preceding Year Corresponding Period 30/09/2007
Basic Earnings/(Loss) Per Share				
Net profit/(loss) attributable to members of the Company (RM'000)	227	(1,654)	619	(1,975)
Weighted average number of ordinary shares in issue	178,059,822	184,843,979	181,418,328	181,263,462
Basic earnings/(loss) per share (sen)	0.13	(0.89)	0.34	(1.09)

The fully diluted earnings per share is not presented as the assumed conversion from the warrants and share options under the ESOS would be anti-dilutive.



B14. Qualification of Financial Statements

The audit report of the preceding financial statements for the financial year ended 30 September 2007 was not subject to any audit qualification.

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25th November 2008.

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