



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 MARCH 2009 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|
| | Current Year Quarter 31/03/2009 RM'000 | Preceding Year Corresponding Quarter 31/03/2008 RM'000 | Current Year To Date 31/03/2009 RM'000 | Preceding Year Corresponding Period 31/03/2008 RM'000 |
| Revenue | 7,890 | 6,195 | 20,281 | 22,080 |
| Cost of sales | (6,332) | (4,126) | (16,752) | (18,050) |
| Gross profit | 1,558 | 2,069 | 3,529 | 4,030 |
| Other income | 68 | 67 | 163 | 141 |
| Administrative expenses | (1,154) | (1,765) | (2,682) | (3,457) |
| Other expenses | (140) | (162) | (312) | (325) |
| Finance costs | (133) | (70) | (280) | (168) |
| Profit before taxation | 199 | 139 | 418 | 221 |
| Income tax expense | (88) | (14) | (152) | (35) |
| Profit for the period | 111 | 125 | 266 | 186 |
| Attributable to: | | | | |
| Equity holders of the parent | 111 | 125 | 266 | 186 |
| Minority interest | - | - | - | - |
| | 111 | 125 | 266 | 186 |
| Earnings per share attributable to equity holders of the parent: | | | | |
| - basic (sen) | 0.06 | 0.07 | 0.15 | 0.10 |
| - fully diluted (sen) | N/A | N/A | N/A | N/A |

The Condensed Consolidated Income Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2008.



QUARTERLY REPORT ON CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

| | As At End of Current Quarter 31/03/2009 RM'000 | As At Preceding Financial Year Ended (As Restated) 30/09/2008 RM'000 |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 6,664 | 6,496 |
| Prepaid lease payments | 590 | 594 |
| Investment Properties | 366 | 366 |
| Deferred Tax Assets | 151 | 151 |
| | 7,771 | 7,607 |
| CURRENT ASSETS | | |
| Inventories held for resale | 2,783 | 2,854 |
| Trade receivables | 29,246 | 21,991 |
| Other receivables, deposit and prepayment | 596 | 960 |
| Fixed deposits with licensed banks | 8,047 | 7,921 |
| Cash and bank balances | 52 | 130 |
| | 40,724 | 33,856 |
| TOTAL ASSETS | 48,495 | 41,463 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 19,158 | 19,158 |
| Share premium | 1,630 | 1,630 |
| Warrant reserve | 503 | 503 |
| Treasury Shares, at cost | (2,013) | (2,010) |
| Translation Reserve | 3 | 3 |
| Retained profits | 7,097 | 6,831 |
| SHAREHOLDERS' EQUITY | 26,378 | 26,115 |
| Minority Interest | 53 | 53 |
| TOTAL EQUITY | 26,431 | 26,168 |
| NON-CURRENT LIABILITIES | | |
| Hire purchase payables | 47 | 42 |
| TOTAL NON-CURRENT LIABILITIES | 47 | 42 |
| CURRENT LIABILITIES | | |
| Trade payables | 1,144 | 3,315 |
| Amount owing to contract customers | 11,389 | 3,232 |
| Other payables and accruals | 397 | 472 |
| Provision for taxation | 391 | 193 |
| Bank overdraft | 2,975 | 3,972 |
| Short term borrowings | 5,721 | 4,069 |
| TOTAL CURRENT LIABILITIES | 22,017 | 15,253 |
| TOTAL LIABILITIES | 22,064 | 15,295 |
| TOTAL EQUITY AND LIABILITIES | 48,495 | 41,463 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen) | | |
| | 14.82 | 14.67 |

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2008.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 MARCH 2009 (The figures have not been audited)

| | Share Capital | Share Premium | Non-Distributable Reserve | | Translation Reserve | Distributable Reserve | Total | Minority Interest | Total Equity |
|------------------------------------|---------------|---------------|---------------------------|-----------------|---------------------|-----------------------|---------|-------------------|--------------|
| | | | Warrant Reserve | Treasury Shares | | Retained Profits | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 October 2008 (as restated) | 19,158 | 1,630 | 503 | (2,010) | 3 | 6,831 | 26,115 | 53 | 26,168 |
| Share Repurchased | - | - | - | (3) | - | - | (3) | - | (3) |
| Net Profit for the period | - | - | - | - | - | 266 | 266 | - | 266 |
| At 31 March 2009 | 19,158 | 1,630 | 503 | (2,013) | 3 | 7,097 | 26,378 | 53 | 26,431 |
| At 1 October 2007 | 19,158 | 1,630 | 503 | (590) | - | 6,234 | 26,935 | - | 26,935 |
| Share Repurchased | - | - | - | (1,207) | - | - | (1,207) | - | (1,207) |
| Net Profit for the Period | - | - | - | - | - | 186 | 186 | - | 186 |
| At 31 March 2008 | 19,158 | 1,630 | 503 | (1,797) | - | 6,420 | 25,914 | - | 25,914 |

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 2008.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2009 (The figures have not been audited)

| | 31/03/2009 RM'000 | 31/03/2008 RM'000 |
|------------------------------------------------------|----------------------|----------------------|
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | |
| Profit before taxation | 418 | 221 |
| Adjustments for:- | | |
| Non cash items | 312 | 325 |
| Non operating items | 77 | - |
| Operating profit before working capital changes | 807 | 546 |
| Net changes in current assets | 1,337 | 3,664 |
| Net changes in current liabilities | (2,206) | (2,351) |
| Cash (for)/from operations | (62) | 1,859 |
| Interest paid | (240) | (140) |
| Income tax paid | 45 | 216 |
| Net cash (for)/from operating activities | (257) | 1,935 |
| CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES | | |
| Interest received | 119 | 140 |
| Purchase of property, plant and equipment | (476) | (861) |
| Proceeds from disposal of equipment | 44 | - |
| Net cash for investing activities | (313) | (721) |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | |
| Acquire of treasury shares | (3) | (1,207) |
| Increase/(Decrease) in bills payable | 1,686 | (1,539) |
| Repayment of hire purchase obligations | (69) | (123) |
| Net cash from/(for) financing activities | 1,614 | (2,869) |
| Net increase/(decrease) in cash and cash equivalents | 1,044 | (1,655) |
| Cash and cash equivalents at beginning of the period | 4,080 | 7,420 |
| Cash and cash equivalents at end of the period | 5,124 | 5,765 |
| Note: | | |
| Cash and cash equivalents comprise of: | | |
| Fixed deposits with licensed bank | | |
| - available | 2,325 | 2,812 |
| - restricted | 5,722 | 5,541 |
| Cash and bank balances | 52 | 132 |
| Bank overdraft | (2,975) | (2,720) |
| | 5,124 | 5,765 |

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 2008.



UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2009

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 2008.

A2. Changes in Accounting Policies

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 2008.

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 items 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.

There was no share buy-back by the Company in the current financial quarter. For the financial year to date, there is a total of 40,100 ordinary shares of the Company were repurchased with a total consideration of RM 3,052.41. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 31 March 2009, the number of treasury shares held were 13,566,700 ordinary shares.



A7. Dividend Paid

No dividend was paid during the quarter under review.

A8. Segmental Information

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|-------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|
| | Current Year Quarter 31/03/2009 RM'000 | Preceding Year Corresponding Quarter 31/03/2008 RM'000 | Current Year To Date 31/03/2009 RM'000 | Preceding Year Corresponding Period 31/03/2008 RM'000 |
| REVENUE BY ACTIVITIES | | | | |
| System integration | 6,060 | 3,153 | 11,723 | 6,213 |
| Maintenance income | 886 | 954 | 1,845 | 2,095 |
| Sales of goods | 622 | 1,925 | 6,205 | 13,457 |
| Rental income | 322 | 163 | 508 | 315 |
| Total | 7,890 | 6,195 | 20,281 | 22,080 |

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.

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.

A11. Contingent Liabilities

- The Company has provided corporate guarantee for a hire purchase facility granted to a wholly-owned subsidiary for a total amount of RM40,000. As at 31 March 2009, the said hire purchase balance stood at RM37,245.
- The Company has also provided corporate guarantees for bank facilities granted to a wholly-owned subsidiary for a total amount of RM21 million. As at 31 March 2009, 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 26 May 2009, 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 RM7.9 million and RM199,000 respectively for the second quarter ended 31 March 2009 as compared to a revenue and profit before tax of RM6.2 million and RM139,000 in the preceding year corresponding quarter. The increased in profit before tax in current quarter is mainly due to more revenue and better margin derived from the system integration activities.

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 31/03/2009 RM'000 | Preceding Quarter Ended 31/12/2008 RM'000 | Difference | |
|------------------------|------------------------------------------------------------|--------------------------------------------------------------|-------------------|--------------|
| | | | RM'000 | % |
| Revenue | 7,890 | 12,391 | (4,501) | (36.3) |
| Profit before taxation | <u>199</u> | <u>220</u> | <u>(21)</u> | <u>(9.5)</u> |

The revenue for the current quarter reduced by 36.3% while the Group registered a profit before taxation of RM199,000 as compared to the preceding quarter profit of RM220,000. The decreased in the profit before tax in current quarter is mainly due to lower revenue generated during the quarter under review which was offset by better margin derived from the system integration activities in the same quarter.

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B3. Prospects for the Financial Year Ending 30 September 2009

The Government has rolled out various projects during the last two quarters in the face of the global financial crisis. However, the impact of new projects will only start to reflect in the accounts in the next 6 to 9 months time.

For broadcasting, most of the television networks and production facilities in the Asia-Pacific region are still on analogue systems. All countries currently strive towards meeting the International Telecommunication Union's deadline of June 17, 2015 for broadcasting to transit from analogue to digital or they stand the risk of being isolated from the world's broadcasting community. This give ample opportunity for the Company to offer its broadcast system integration services to broadcasters in this region. The Company is focusing on boosting its recurring service and maintenance income.

Barring any unforeseen circumstances, the Directors anticipate that maintaining the profitability of the Group will be a challenging task for the financial year ending 30 September 2009 in view of the current economic condition.

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 Quarter 31/03/2009 RM'000 | Preceding Year Corresponding Quarter 31/03/2008 RM'000 | Current Year To Date 31/03/2009 RM'000 | Preceding Year Corresponding Period 31/03/2008 RM'000 |
| Tax payable for the period | 88 | 14 | 152 | 35 |

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

Save as disclosed in Note A6, there were no purchases or disposals of quoted securities for the current quarter. The Company/Group does not hold any quoted securities (other than the Company's own shares) as at 31 March 2009.

B8. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 26 May 2009.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 31 March 2009 consist of the following:-

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|---------------------------------------|------------------------------|-----------------------------|-------------------------|
| Secured:- | | | |
| Bank overdraft | 2,975 | - | 2,975 |
| Trust receipts and bankers acceptance | 5,664 | - | 5,664 |
| Hire purchase liabilities | 57 | 47 | 104 |
| Total | <u>8,696</u> | <u>47</u> | <u>8,743</u> |

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 26 May 2009, being the date not earlier than 7 days from the date of this announcement.

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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 during his employment with DHSB.

DHSB has instructed its counsel to file an application to strike out the defendant’s defence and counterclaim. On 11 March 2009, the Court has dismissed the said application with cost. The Court has fixed 14 April 2009 for trial but it was further adjourned to 15 June 2009.

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.

Kuala Lumpur High Court of Malaya Civil Suit No. D-22-2024-2008

On 6 February 2009, a wholly-owned subsidiary of the Company, DHSB had through its Solicitors filed an Application for Summary Judgement On 5 November 2008, against Ranhill Engineers And Constructors Sdn. Bhd. (“REAC”) at Kuala Lumpur High Court of Malaya (“the Court”) for the following claims:-

- a) Total outstanding amount of RM1,302,044.41 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.

DHSB’s Solicitors had served the said application on the solicitors of REAC on 10 February 2009. DHSB’s legal counsel had attended the Court hearing on 25 May 2009 on the application for Summary Judgement by DHSB. The Court has allowed DHSB’s application for Summary Judgement.

There is no major financial impact of the legal proceedings on the Company as the debt owed by REAC was fully provided in the accounts.



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 Per Share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|---------------------------------------|---------------------------------------------------------|
| | Current Year Quarter 31/03/2009 | Preceding Year Corresponding Quarter 31/03/2008 | Current Year To Date 31/03/2009 | Preceding Year Corresponding Period 31/03/2008 |
| Basic Earnings Per Share | | | | |
| Net profit attributable to members of the Company (RM'000) | 111 | 125 | 266 | 186 |
| Weighted average number of ordinary shares in issue | 178,013,950 | 182,097,766 | 178,018,797 | 183,893,452 |
| Basic earnings per share (sen) | 0.06 | 0.07 | 0.15 | 0.10 |

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

B14. Qualification of Financial Statements

The audit report of the preceding financial statements for the financial year ended 30 September 2008 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 26 May 2009.

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