



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 JUNE 2009 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2009 RM'000	Preceding Year Corresponding Quarter 30/06/2008 RM'000	Current Year To Date 30/06/2009 RM'000	Preceding Year Corresponding Period 30/06/2008 RM'000
Revenue	14,948	11,506	35,229	33,586
Cost of sales	(11,799)	(9,444)	(28,551)	(27,494)
Gross profit	3,149	2,062	6,678	6,092
Other income	273	66	436	208
Administrative expenses	(2,815)	(1,602)	(5,496)	(5,059)
Other expenses	(175)	(165)	(488)	(490)
Finance costs	(116)	(123)	(396)	(290)
Profit before taxation	316	238	734	461
Income tax expense	(60)	(33)	(213)	(69)
Profit for the period	256	205	521	392
Attributable to:				
Equity holders of the parent	256	205	521	392
Minority interest	-	-	-	-
	256	205	521	392
Earnings per share attributable to equity holders of the parent:				
- basic (sen)	0.14	0.11	0.29	0.21
- 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 30 JUNE 2009 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 30/06/2009 RM'000	As At Preceding Financial Year Ended (As Restated) 30/09/2008 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,483	6,496
Prepaid lease payments	588	594
Investment Properties	366	366
Deferred Tax Assets	151	151
	8,588	7,607
CURRENT ASSETS		
Inventories held for resale	2,138	2,854
Trade receivables	25,732	21,991
Other receivables, deposit and prepayment	925	960
Fixed deposits with licensed banks	9,081	7,921
Cash and bank balances	59	130
	37,935	33,856
TOTAL ASSETS	46,523	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	7,352	6,831
SHAREHOLDERS' EQUITY	26,633	26,115
Minority Interest	53	53
TOTAL EQUITY	26,686	26,168
NON-CURRENT LIABILITIES		
Hire purchase payables	563	42
TOTAL NON-CURRENT LIABILITIES	563	42
CURRENT LIABILITIES		
Trade payables	1,579	3,315
Amount owing to contract customers	13,494	3,232
Other payables and accruals	470	472
Provision for taxation	141	193
Bank overdraft	2,319	3,972
Short term borrowings	1,271	4,069
TOTAL CURRENT LIABILITIES	19,274	15,253
TOTAL LIABILITIES	19,837	15,295
TOTAL EQUITY AND LIABILITIES	46,523	41,463
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)	14.96	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.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 JUNE 2009 (The figures have not been audited)

	← Non-Distributable Reserve →		→ Distributable Reserve Retained Profits		Total	Minority Interest	Total Equity		
	Share Capital	Share Premium	Warrant Reserve	Treasury Shares				Translation Reserve	
	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	-	-	-	-	-	521	521	-	521
At 30 June 2009	<u>19,158</u>	<u>1,630</u>	<u>503</u>	<u>(2,013)</u>	<u>3</u>	<u>7,352</u>	<u>26,633</u>	<u>53</u>	<u>26,686</u>
At 1 October 2007	19,158	1,630	503	(590)	-	6,234	26,935	-	26,935
Share Repurchased	-	-	-	(1,382)	-	-	(1,382)	-	(1,382)
Net Profit for the Period	-	-	-	-	-	392	392	-	392
At 30 June 2008	<u>19,158</u>	<u>1,630</u>	<u>503</u>	<u>(1,972)</u>	<u>-</u>	<u>6,626</u>	<u>25,945</u>	<u>-</u>	<u>25,945</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 2008.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2009 (The figures have not been audited)

	30/06/2009 RM'000	30/06/2008 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	734	461
Adjustments for:-		
Non cash items	1,078	490
Non operating items	(108)	31
Operating profit before working capital changes	1,704	982
Net changes in current assets	(3,580)	(1,919)
Net changes in current liabilities	9,222	1,765
Cash (for)/from operations	7,346	828
Interest paid	(323)	(237)
Income tax paid	(265)	209
Net cash (for)/from operating activities	6,758	800
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	167	206
Purchase of property, plant and equipment	(1,469)	(1,346)
Proceeds from disposal of equipment	264	-
Net cash for investing activities	(1,038)	(1,140)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Acquire of treasury shares	(3)	(1,382)
Increase/(Decrease) in bills payable	(2,882)	(2,116)
Repayment of hire purchase obligations	(94)	(185)
Net cash from/(for) financing activities	(2,979)	(3,683)
Net increase/(decrease) in cash and cash equivalents	2,741	(4,023)
Cash and cash equivalents at beginning of the period	4,080	7,420
Cash and cash equivalents at end of the period	6,821	3,397
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank		
- available	2,327	2,314
- restricted	6,754	5,576
Cash and bank balances	59	66
Bank overdraft	(2,319)	(4,559)
	6,821	3,397

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 THIRD QUARTER ENDED 30 JUNE 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 ACE MARKET Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), 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.

In the current quarter under review, there is a total of 8,000 ordinary shares of the Company were repurchased with a total consideration of RM641.18. For the financial year to date, there is a total of 48,100 ordinary shares of the Company were repurchased with a total consideration of RM3,693.59. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 June 2009, the number of treasury shares held were 13,574,700 ordinary shares.

A7. Dividend Paid

No dividend was paid during the quarter under review.



A8. Segmental Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2009 RM'000	Preceding Year Corresponding Quarter 30/06/2008 RM'000	Current Year To Date 30/06/2009 RM'000	Preceding Year Corresponding Period 30/06/2008 RM'000
REVENUE BY ACTIVITIES				
System integration	13,106	5,116	24,829	11,329
Maintenance income	868	918	2,713	3,013
Sales of goods	695	5,250	6,900	18,707
Rental income	279	222	787	537
Total	14,948	11,506	35,229	33,586

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 guarantees for a hire purchase facilities granted to a wholly-owned subsidiary for a total amount of RM697,706. As at 30 June 2009, the total hire purchase balance stood at RM684,006.
- The Company has provided corporate guarantees with a total of RM61,130 to the customers of a wholly-owned subsidiary for the due performance of the system integration jobs.
- The Company has also provided corporate guarantees for bank facilities granted to a wholly-owned subsidiary for a total amount of RM25.5million. As at 30 June 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 25 August 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 RM14.9 million and RM316,000 respectively for the third quarter ended 30 June 2009 as compared to a revenue and profit before tax of RM11.5 million and RM238,000 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 30/06/2009 RM'000	Preceding Quarter Ended 31/03/2009 RM'000	Difference	
			RM'000	%
Revenue	14,948	7,890	7,058	89.5
Profit before taxation	<u>316</u>	<u>199</u>	<u>117</u>	<u>58.8</u>

The revenue for the current quarter increased by 89.5% while the Group registered a profit before taxation of RM316,000 as compared to the preceding quarter profit of RM199,000. The increased in the profit before tax in current quarter is mainly due to higher revenue generated during the quarter under review from the system integration activities.

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B3. Prospects for the Financial Year Ending 30 September 2009

The Government had rolled out various projects in the last three quarters to mitigate the impact of global financial crisis. The Group's revenue from system integration also jumped by approximately 90% quarter-on-quarter in line with the increased in system integration jobs in the market.

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 the Group will remain profitable for 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 Quarter 30/06/2009 RM'000	Preceding Year Corresponding Quarter 30/06/2008 RM'000	Current Year To Date 30/06/2009 RM'000	Preceding Year Corresponding Period 30/06/2008 RM'000
Tax payable for the period	60	45	213	81
Over provision for taxation in prior year	-	(12)	-	(12)
	60	33	213	69

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 30 June 2009.

B8. Status of Corporate Proposals

There are no outstanding corporate proposals as at 25 August 2009.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 June 2009 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	2,319	-	2,319
Trust receipts and bankers acceptance	1,096	-	1,096
Hire purchase liabilities	175	563	738
Total	<u>3,590</u>	<u>563</u>	<u>4,153</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 25 August 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 further adjourned the trial to 6 October 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 had obtained a Summary Judgement on 25 May 2009. DHSB’s Solicitors had served the seal copy of the order and judgement to REAC on 13 July 2009. DHSB’s Solicitors had also served a notice pursuant to Section 218(2)(a) of the Companies Act, 1965 to REAC on 11 August 2009.

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 30/06/2009	Preceding Year Corresponding Quarter 30/06/2008	Current Year To Date 30/06/2009	Preceding Year Corresponding Period 30/06/2008
Basic Earnings Per Share				
Net profit attributable to members of the Company (RM'000)	256	205	521	392
Weighted average number of ordinary shares in issue	178,011,401	179,836,296	178,016,332	182,546,002
Basic earnings per share (sen)	0.14	0.11	0.29	0.21

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 25 August 2009.

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