



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 JUNE 2010 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT (AMENDED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter (As Restated) 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year To Date (As Restated) 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
Revenue	19,309	14,948	49,083	35,229
Cost of sales	(16,241)	(11,799)	(39,560)	(28,551)
Gross profit	3,068	3,149	9,523	6,678
Other income	406	273	572	436
Administrative expenses	(1,974)	(2,815)	(6,686)	(5,496)
Other expenses	(125)	(175)	(509)	(488)
Finance costs	(74)	(116)	(235)	(396)
Profit before taxation	1,301	316	2,665	734
Income tax expense	(158)	(60)	(568)	(213)
Profit for the period	1,143	256	2,097	521
Attributable to:				
Equity holders of the parent	1,143	256	2,097	521
Minority interest	-	-	-	-
	1,143	256	2,097	521
Earnings per share attributable to equity holders of the parent:				
- basic (sen)	0.62	0.14	1.17	0.29
- 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 2009.



QUARTERLY REPORT ON CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter (As Restated) 30/06/2010 RM'000	As At Preceding Financial Year Ended 30/09/2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,535	7,262
Prepaid lease payments	581	587
Investment Properties	45	45
Deferred Tax Assets	151	151
	9,312	8,045
CURRENT ASSETS		
Inventories held for resale	3,386	2,331
Trade receivables	21,715	25,117
Other receivables, deposit and prepayment	3,724	489
Fixed deposits with licensed banks	23,227	10,602
Cash and bank balances	84	118
	52,136	38,657
Non-current asset classified as held for sale	321	321
TOTAL ASSETS	61,769	47,023
EQUITY AND LIABILITIES		
EQUITY		
Share capital	19,158	19,158
Share premium	1,630	1,630
Warrant reserve	503	503
Treasury Shares, at cost	(694)	(2,014)
Retained profits	6,908	7,466
SHAREHOLDERS' EQUITY	27,505	26,743
Minority Interest	-	-
TOTAL EQUITY	27,505	26,743
NON-CURRENT LIABILITIES		
Hire purchase payables	1,223	526
TOTAL NON-CURRENT LIABILITIES	1,223	526
CURRENT LIABILITIES		
Trade payables	1,354	3,432
Amount owing to contract customers	29,337	13,382
Other payables and accruals	788	743
Provision for taxation	699	422
Bank overdraft	245	1,143
Short term borrowings	618	632
TOTAL CURRENT LIABILITIES	33,041	19,754
TOTAL LIABILITIES	34,264	20,280
TOTAL EQUITY AND LIABILITIES	61,769	47,023
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)		
	14.72	15.02

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2009.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 JUNE 2010 (The figures have not been audited)

	← Non-Distributable Reserve →				Distributable Reserve		Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Warrant Reserve	Treasury Shares	Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2009 (as restated)	19,158	1,630	503	(2,014)	-	7,466	26,743	-	26,743
Net Profit for the period	-	-	-	-	-	2,097	2,097	-	2,097
Share Dividend	-	-	-	1,320	-	(1,320)	-	-	-
Interim Dividend	-	-	-	-	-	(1,335)	(1,335)	-	(1,335)
At 30 June 2010	19,158	1,630	503	(694)	-	6,908	27,505	-	27,505
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	19,158	1,630	503	(2,013)	3	7,352	26,633	53	26,686

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 2009.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2010 (The figures have not been audited)

	30/06/2010 RM'000	30/06/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,665	734
Adjustments for:-		
Non cash items	509	1,078
Non operating items	(307)	(108)
Operating profit before working capital changes	2,867	1,704
Net changes in current assets	(888)	(3,580)
Net changes in current liabilities	14,867	9,222
Cash from operations	16,846	7,346
Interest paid	(91)	(323)
Income tax paid	(291)	(265)
Net cash from operating activities	16,464	6,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	201	167
Purchase of property, plant and equipment	(1,782)	(1,469)
Proceeds from disposal of equipment	203	264
Net cash from investing activities	(1,378)	(1,038)
CASH FLOWS FOR FINANCING ACTIVITIES		
Payment of Cash Dividend	(1,335)	(3)
Increase/(Decrease) in bills payable	(109)	(2,882)
Repayment of hire purchase obligations	(153)	(94)
Net cash for financing activities	(1,597)	(2,979)
Net increase/(decrease) in cash and cash equivalents	13,489	2,741
Cash and cash equivalents at beginning of the period	9,577	4,080
Cash and cash equivalents at end of the period	23,066	6,821
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank		
- available	16,470	2,327
- restricted	6,757	6,754
Cash and bank balances	84	59
Bank overdraft	(245)	(2,319)
	23,066	6,821

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 2009.



UNAUDITED QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 JUNE 2010

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 2009.

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 2009.

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

There was no issuance, repurchase and repayment of debt and equity securities, for the current period and financial year-to-date.

On 5 May 2010, the Company distributed a total of 8,900,292 Treasury Shares to its shareholders as Share Dividend. There was no share buy-back by the Company in the current financial quarter. As at 30 June 2010, the number of treasury shares held were 4,674,408 ordinary shares.

A7. Dividend Paid

The Company had paid an interim dividend of 1.0 sen per share, less 25% income tax for the year ending 30 September 2010 on 4 May 2010. The net amount of the interim dividend paid was RM1,335,044.67.



A8. Segmental Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter (As Restated) 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year To Date (As Restated) 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
REVENUE BY ACTIVITIES				
System integration	15,227	13,106	39,973	24,829
Maintenance income	1,037	868	2,547	2,713
Sales of goods	2,727	695	5,694	6,900
Rental income	318	279	869	787
Total	19,309	14,948	49,083	35,229

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 except for the following:-

On 31 December 2009, Digistar Engineering Sdn Bhd (80%-owned subsidiary of the Company), Digistar Media Sdn Bhd (wholly-owned subsidiary of the Company) and Aman Geliga Sdn Bhd (wholly-owned subsidiary of the Company) have applied to Companies Commission of Malaysia ("CCM") to strike off their names from the register of CCM pursuant to Section 308 of the Companies Act, 1965.

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A11. Contingent Liabilities

- a) The Company has provided corporate guarantee for hire purchase facilities granted to a wholly-owned subsidiary for a total amount of RM 1.64 million. As at 30 June 2010, the said hire purchase facilities stood at RM 1.48 million.
- b) The Company has provided corporate guarantees with a total of RM 50,000 to the customers of a wholly-owned subsidiary for the due performance of the system integration jobs.
- c) The Company has provided corporate guarantee to the suppliers of a wholly-owned subsidiary for the credit limit facilities of RM 200,000.
- d) The Company has also provided corporate guarantees for bank facilities granted to a wholly-owned subsidiary for a total amount of RM25.5 million. As at 30 June 2010, the total utilisation of the bank facilities is RM11.9 million.

Save as disclosed in the above, there were no material contingent liabilities as at 25 August 2010, 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.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

The Group registered a revenue and profit before taxation of RM19.3 million and RM1.3 million respectively for the third quarter ended 30 June 2010 as compared to a revenue and profit before taxation of RM14.9 million and RM316,000 in the preceding year corresponding quarter. The increase in revenue and profit before taxation are mainly due to delivery of certain fast-track system integration projects.

The Group registered a revenue and profit before taxation of RM49.1 million and RM2.7 million respectively for the cumulative quarters ended 30 June 2010 as compared to a revenue and profit before taxation of RM35.2 million and RM734,000 in the preceding year corresponding cumulative quarters. The increase in revenue and profit before taxation are mainly due to delivery of certain fast-track system integration projects.

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

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended (As Restated) 30/06/2010 RM'000	Preceding Quarter Ended 31/03/2010 RM'000	Difference	
			RM'000	%
Revenue	19,309	12,311	6,998	56.8
Profit before taxation	<u>1,301</u>	<u>653</u>	<u>648</u>	<u>99.2</u>

The Group's revenue registered an increase of 56.8% as compared to the preceding quarter. This is mainly due to delivery of certain fast-track system integration projects. In line with the higher revenue, the Group's profit before taxation increased by 99.2% as compared to the preceding quarter.

B3. Prospects for the Financial Year Ending 30 September 2010

During the 1Q10, the global economy improved further with developing Asia as the leading engine of growth. This was made possible through sustained domestic demand and better global trade conditions. In tandem with regional economies, GDP growth strengthened to +10.1% y-o-y in Malaysia. The recovery was led by strong revival in the manufacturing sector, especially export-oriented industries.



B3. Prospects for the Financial Year Ending 30 September 2010 (Cont'd)

However, sentiments have turned sour recently. The sovereign debt crisis in Europe has led to doubt on the sustainability of global economic recovery. Furthermore, continued policies tightening measures by China have sent adverse shocks to economic agents worldwide. News flow from BP's accident in the Gulf of Mexico and Australia's proposed Henry Tax also heightened uncertainty among global investors. Other risks include possible implications from the US financial reforms and capital issues from the proposed Basel III banking sector regulations. Together these have negatively affected sentiments towards numerous sectors, particularly the exporters.

To confront these issues, measures were proposed under the 10th Malaysian Plan based on strategies articulated earlier in the Government Transformation Program (GTP) and the New Economic Model (NEM) to sharpen the competitive edge of Malaysia. These along with further liberalisation efforts on the services sector will attract more investors' participation in the long-run. In terms of addressing the burgeoning fiscal deficit problem, subsidies will be reduced progressively and the tax base widened over the next five-year period.

Against this background, MIER will be revising upwards its 2010 GDP growth rate to +6.5% y-o-y from previously +5.2%. Economic growth is forecasted to reach +5.2% y-o-y in 2011. This is supported by still firm consumer and business confidence, as measured by MIER's Consumer Sentiment Index (CSI) and MIER's Business Conditions Index (BCI), of 110.4 points and 119.6 points, respectively in 2Q10. All sectoral indices recorded mix performances during the period, however.

(Source: Malaysian Institute of Economic Research, Malaysian Economic Outlook)

For broadcasting, most of the television networks and production facilities in the Asia-Pacific region are still on analogue systems. These broadcast stations or production facilities will eventually migrate from analogue to digital before the International Telecommunication Union's deadline of June 17, 2015 to mitigate the risk of being isolated from the world's broadcasting community.

With the introduction of High Definition ("HD") contents to the general viewers, these create more business opportunities to the Company to assist the broadcasters to have their broadcast stations HD ready. There are also ample opportunities for the Company to offer its broadcast system integration services to broadcasters in the Asia and Middle-East Region.

Barring any unforeseen circumstances, the Directors anticipate that the Group will remain profitable for the financial year ending 30 September 2010.

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	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Tax payable for the period	158	60	568	213

The effective tax rate of the Group for the financial year-to-date and the current quarter is lower than the statutory tax rate due to tax exemption was granted on the statutory income of a subsidiary.

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 (other than the Company's own shares) as at 30 June 2010.

B8. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 25 August 2010.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 June 2010 consist of the following:-

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured:-			
Bank overdraft	245	-	245
Trust receipts and bankers acceptance	354	-	354
Hire purchase liabilities	264	1,223	1,487
Total	863	1,223	2,086



B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 25 August 2010, 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

The Court has further adjourned the trial of this case to 26 August 2010.

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

As at 25 August 2010, DHSB had collected a total of RM1.4 million since the inception of the legal action. DHSB has suspended its legal action against this debtor until their full settlement by November 2010.

B12. Dividends

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

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B13. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2010	Preceding Year Corresponding Quarter 30/06/2009	Current Year To Date 30/06/2010	Preceding Year Corresponding Period 30/06/2009
Basic Earnings Per Share				
Net profit attributable to members of the Company (RM'000)	1,143	256	2,097	521
Weighted average number of ordinary shares in issue	183,580,858	178,011,401	179,864,253	178,016,332
Basic earnings per share (sen)	<u>0.62</u>	<u>0.14</u>	<u>1.17</u>	<u>0.29</u>

The fully diluted earnings per share are 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 2009 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 2010.

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