



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

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2010 RM'000	Preceding Year Corresponding Quarter 30/09/2009 RM'000	Current Year To Date 30/09/2010 RM'000	Preceding Year Corresponding Period 30/09/2009 RM'000
Revenue	20,096	9,155	69,179	44,704
Cost of sales	(9,227)	(6,180)	(48,786)	(35,341)
Gross profit	10,869	2,975	20,393	9,363
Other income	2,333	108	2,905	543
Administrative expenses	(5,079)	(2,441)	(11,765)	(6,919)
Other expenses	(3,877)	(190)	(4,386)	(1,295)
Finance costs	(104)	(106)	(340)	(503)
Profit before taxation	4,142	346	6,807	1,189
Income tax expense	(2,109)	(183)	(2,677)	(557)
Profit for the period	2,033	163	4,130	632
Attributable to:				
Equity holders of the parent	2,033	163	4,130	632
Minority interest	-	-	-	-
	2,033	163	4,130	632
Earnings per share attributable to equity holders of the parent:				
- basic (sen)	1.09	0.09	2.27	0.36
- 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 SEPTEMBER 2010 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 30/09/2010 RM'000	As At Preceding Financial Year Ended 30/09/2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10,024	7,262
Prepaid lease payments	2,585	587
Investment Properties	45	45
Deferred Tax Assets	151	151
	<u>12,805</u>	<u>8,045</u>
CURRENT ASSETS		
Inventories held for resale	2,943	2,331
Trade receivables	21,564	25,117
Other receivables, deposit and prepayment	3,248	489
Fixed deposits with licensed banks	18,375	10,602
Cash and bank balances	157	118
	<u>46,287</u>	<u>38,657</u>
Non-current asset classified as held for sale	321	321
TOTAL ASSETS	<u>59,413</u>	<u>47,023</u>
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	8,941	7,466
SHAREHOLDERS' EQUITY	<u>29,538</u>	<u>26,743</u>
Minority Interest	-	-
TOTAL EQUITY	<u>29,538</u>	<u>26,743</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	1,486	526
TOTAL NON-CURRENT LIABILITIES	<u>1,486</u>	<u>526</u>
CURRENT LIABILITIES		
Trade payables	2,140	3,432
Amount owing to contract customers	19,436	13,382
Other payables and accruals	2,888	743
Provision for taxation	2,337	422
Bank overdraft	847	1,143
Short term borrowings	741	632
TOTAL CURRENT LIABILITIES	<u>28,389</u>	<u>19,754</u>
TOTAL LIABILITIES	<u>29,875</u>	<u>20,280</u>
TOTAL EQUITY AND LIABILITIES	<u>59,413</u>	<u>47,023</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)		
	<u>15.80</u>	<u>15.02</u>

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 FOURTH QUARTER ENDED 30 SEPTEMBER 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	Retained Profits	Reserve			
	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	-	-	-	-	-	4,130	4,130	-	4,130
Share Dividend	-	-	-	1,320	-	(1,320)	-	-	-
Interim Dividend	-	-	-	-	-	(1,335)	(1,335)	-	(1,335)
At 30 September 2010	<u>19,158</u>	<u>1,630</u>	<u>503</u>	<u>(694)</u>	<u>-</u>	<u>8,941</u>	<u>29,538</u>	<u>-</u>	<u>29,538</u>
At 1 October 2008 (as restated)	19,158	1,630	503	(2,010)	3	6,831	26,115	53	26,168
Share Repurchased	-	-	-	(4)	-	-	(4)	-	(4)
Deconsolidation of a subsidiary	-	-	-	-	(3)	3	-	(53)	(53)
Net Profit for the Period	-	-	-	-	-	632	632	-	632
At 30 September 2009	<u>19,158</u>	<u>1,630</u>	<u>503</u>	<u>(2,014)</u>	<u>-</u>	<u>7,466</u>	<u>26,743</u>	<u>-</u>	<u>26,743</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 2009.



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

	30/09/2010 RM'000	30/09/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,807	1,189
Adjustments for:-		
Non cash items	4,648	1,835
Non operating items	(2,551)	(120)
Operating profit before working capital changes	8,904	2,904
Net changes in current assets	(1,555)	(3,238)
Net changes in current liabilities	8,316	10,538
Cash from operations	15,665	10,204
Interest paid	(130)	(353)
Income tax paid	(761)	(329)
Net cash from operating activities	14,774	9,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	328	219
Purchase of property, plant and equipment	(5,647)	(734)
Proceeds from disposal of equipment	328	264
Net cash outflow on deconsolidation of a subsidiary	-	(115)
Net cash from investing activities	(4,991)	(366)
CASH FLOWS FOR FINANCING ACTIVITIES		
Payment of Cash Dividend	(1,335)	-
Purchase of Treasury Shares	-	(3)
Increase/(Decrease) in bills payable	(109)	(3,515)
Repayment of hire purchase obligations	(231)	(136)
Net cash for financing activities	(1,675)	(3,654)
Net increase/(decrease) in cash and cash equivalents	8,108	5,502
Effects of Foreign Exchange Translation	-	(5)
Cash and cash equivalents at beginning of the period	9,577	4,080
Cash and cash equivalents at end of the period	17,685	9,577
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank		
- available	8,600	3,931
- restricted	9,775	6,671
Cash and bank balances	157	118
Bank overdraft	(847)	(1,143)
	17,685	9,577

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 FOURTH QUARTER ENDED 30 SEPTEMBER 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.

There was no share buy-back by the Company in the current financial quarter. As at 30 September 2010, the number of treasury shares held were 4,674,408 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	Year	To Date	Period
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	RM'000	RM'000	RM'000	RM'000
REVENUE BY ACTIVITIES				
Dividend Income	22	-	22	-
System integration	16,986	6,663	56,959	31,492
Maintenance income	2,151	130	4,698	3,653
Sales of goods	590	2,080	6,284	8,490
Rental income	347	282	1,216	1,069
Total	20,096	9,155	69,179	44,704

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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK



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 2.11 million. As at 30 September 2010, the said hire purchase facilities stood at RM 1.87 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 September 2010, the total utilisation of the bank facilities is RM11.4 million.

Save as disclosed in the above, there were no material contingent liabilities as at 29 November 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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK



B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

The Group registered a revenue and profit before taxation of RM20.1 million and RM4.1 million respectively for the fourth quarter ended 30 September 2010 as compared to a revenue and profit before taxation of RM9.2 million and RM346,000 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 with better profit margin coupling with favourable currencies movement for import of equipments and written back of certain doubtful debts provision upon their recovery.

The Group registered a revenue and profit before taxation of RM69.2 million and RM6.8 million respectively for the cumulative quarters ended 30 September 2010 as compared to a revenue and profit before taxation of RM44.7 million and RM1.2 million 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 with better profit margin coupling with favourable currencies movement for import of equipments.

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 30/09/2010	Preceding Quarter Ended 30/06/2010 (Restated)	Difference	
	RM'000	RM'000	RM'000	%
Revenue	20,096	19,309	787	4.1
Profit before taxation	<u>4,142</u>	<u>1,301</u>	<u>2,841</u>	<u>218.4</u>

The Group's revenue and profit before taxation registered an increase of 4.1% and 218.4% as compared to the preceding quarter. This is mainly due to delivery of certain fast-track system integration projects with better margin coupling with favourable currencies movement for import of equipments and written back of certain doubtful debts provision upon their recovery.

B3. Prospects for the Financial Year Ending 30 September 2011

After a blistering pace in the 1Q10, the global economy softened in 2Q10. This cyclical slowdown is expected to persist in 2H10, given weaker global trade conditions and the ongoing sovereign debt problem in the Eurozone. Nevertheless, developing Asia continued to lead global growth through their resilient domestic demand. Similarly in Malaysia, economic growth decelerated to 8.9% yoy in 2Q10 on slower growth in net exports. Domestic demand was strong with private investment gradually recovering. All key sectors moderated, but were dominated by manufacturing and services.



B3. Prospects for the Financial Year Ending 30 September 2011 (Cont'd)

Using this data, MIER maintains 2010 and 2011 economic growth of 6.5% and 5.2%, respectively.

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

The Malaysian economy is projected to expand between 5.0% to 6.0% in 2011 (2010: 7.0%), mainly driven by domestic demand and supported by a favourable external sector. The strong economic fundamentals will continue to propel the growth momentum of domestic demand.

The construction sector is envisaged to expand 4.4% in 2011 (2010: 4.9%), supported by the acceleration of ongoing projects such as KLIA 2, the Second Penang Bridge, SKVE (Package 3), Sabah-Sarawak Gas Pipeline and the LRT extensions in addition to the development projects in the five growth corridors as well as implementation of new projects such as Electrified Double Track from Gemas-Johor Bahru, West Coast Banting-Taiping Expressway, Elevated Ampang-Pandan-Cheras Expressway, ITT in Gombak and the 300MW Gas-Fired Power Plant in Sabah.

In the broadcasting industry, the subscription-based satellite television, Astro All Asia Networks (ASTRO), has 3.0 million subscribers translating to a household penetration rate of 49.2% as at end-June 2010 (end-June 2009: 2.8 million; 44.9%). This was largely due to enhanced demand for diverse content, strategic marketing campaigns as well as increased subscriptions to sports packages in conjunction with various sports events. The performance of broadcasting industry is expected to remain upbeat in 2010 with the offerings of High-Definition Television (HDTV) and Internet Protocol Television (IPTV) services.

(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)

In addition to the above, the requirements to upgrade most of the television networks and production facilities in the Asia-Pacific region from analogue systems to digital systems are enormous. The migration from analogue to digital are expected to be done before the International Telecommunication Union's deadline of June 17, 2015 to avoid 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 2011.

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 30/09/2010 RM'000	Preceding Year Corresponding Quarter 30/09/2009 RM'000	Current Year To Date 30/09/2010 RM'000	Preceding Year Corresponding Period 30/09/2009 RM'000
Tax payable for the period	2,518	183	3,258	557
Over provision for taxation in prior year	-	-	(171)	-
	<u>2,518</u>	<u>183</u>	<u>3,087</u>	<u>557</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 being disallowed 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 (other than the Company's own shares) as at 30 September 2010.

B8. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 29 November 2010.

B9. Group Borrowings and Debt Securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	847	-	847
Trust receipts and bankers acceptance	354	-	354
Hire purchase liabilities	387	1,486	1,873
Total	<u>1,588</u>	<u>1,486</u>	<u>3,074</u>



B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 29 November 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

On 26 August 2010, both parties had settled the case out of court and withdrew their claims against each other with no liberty to file a fresh and with no order as to cost. The settlement does not have any material impact to the financial position of Digistar.

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

As at 29 November 2010, DHSB had collected a total of RM1.8 million since the inception of the legal action. DHSB has suspended its legal action against this debtor until their full settlement by December 2010.

B12. Dividends

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

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK



B13. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2010	Preceding Year Corresponding Quarter 30/09/2009	Current Year To Date 30/09/2010	Preceding Year Corresponding Period 30/09/2009
Basic Earnings Per Share				
Net profit attributable to members of the Company (RM'000)	2,033	163	4,130	632
Weighted average number of ordinary shares in issue	186,906,242	178,005,950	181,639,220	178,013,715
Basic earnings per share (sen)	<u>1.09</u>	<u>0.09</u>	<u>2.27</u>	<u>0.36</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 29 November 2010.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK