



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 MARCH 2011 (The figures have not been audited)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 31/03/2011 RM'000	Preceding Year Corresponding Quarter 31/03/2010 RM'000	Current Year To Date 31/03/2011 RM'000	Preceding Year Corresponding Period 31/03/2010 RM'000
<b>Revenue</b>	23,569	12,311	51,136	29,774
Cost of sales	(14,248)	(9,258)	(33,089)	(23,318)
Gross profit	9,321	3,053	18,047	6,456
Other income	163	86	655	166
Administrative expenses	(2,972)	(2,218)	(5,417)	(4,712)
Other expenses	(301)	(195)	(815)	(384)
Finance costs	(93)	(73)	(173)	(162)
<b>Profit before taxation</b>	6,118	653	12,297	1,364
Income tax expense	(1,549)	(196)	(3,280)	(410)
<b>Profit for the period</b>	4,569	457	9,017	954
Attributable to:				
Equity holders of the parent	4,569	457	9,017	954
Minority interest	-	-	-	-
	4,569	457	9,017	954
Earnings per share attributable to equity holders of the parent:				
- basic (sen)	2.31	0.26	4.69	0.54
- fully diluted (sen)	2.06	N/A	4.50	N/A
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	4,569	457	9,017	954
Total comprehensive income attributable to:				
Equity holders of the parent	4,569	457	9,017	954
Minority interest	-	-	-	-
	4,569	457	9,017	954

The Condensed Consolidated Income Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2010.



## QUARTERLY REPORT ON CONSOLIDATED FINANCIAL POSITION AS AT 31 MARCH 2011 (The figures have not been audited)

### CONDENSED CONSOLIDATED FINANCIAL POSITION

	As At End of Current Quarter 31/03/2011 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/09/2010 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	14,576	12,516
Investment Property	-	45
	<u>14,576</u>	<u>12,561</u>
<b>CURRENT ASSETS</b>		
Inventories held for resale	2,664	2,965
Trade receivables	19,227	10,012
Other receivables, deposit and prepayment	1,059	3,160
Amount owing by contract customers	1,739	5,683
Fixed deposits with licensed banks	24,612	18,375
Cash and bank balances	967	158
	<u>50,268</u>	<u>40,353</u>
Non-current asset classified as held for sale	601	321
<b>TOTAL ASSETS</b>	<u>65,445</u>	<u>53,235</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	21,072	19,158
Share premium	2,636	1,630
Warrant reserve	503	503
Treasury Shares, at cost	(26)	(693)
Retained profits	18,121	9,104
<b>SHAREHOLDERS' EQUITY</b>	<u>42,306</u>	<u>29,702</u>
Minority Interest	-	-
<b>TOTAL EQUITY</b>	<u>42,306</u>	<u>29,702</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	1,529	1,486
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,529</u>	<u>1,486</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	3,944	3,512
Amount owing to contract customers	9,803	11,451
Other payables and accruals	2,026	3,039
Provision for taxation	5,377	2,457
Bank overdraft	6	847
Short term borrowings	454	741
<b>TOTAL CURRENT LIABILITIES</b>	<u>21,610</u>	<u>22,047</u>
<b>TOTAL LIABILITIES</b>	<u>23,139</u>	<u>23,533</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>65,445</u>	<u>53,235</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)</b>		
	<u>20.09</u>	<u>15.89</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 2010.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 MARCH 2011 (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	Reserve Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2010	19,158	1,630	503	(693)	-	9,104	29,702	-	29,702
Net Profit for the period	-	-	-	-	-	9,017	9,017	-	9,017
Resold -treasury share	-	(52)	-	667	-	-	615	-	615
Ordinary shares allotted	1,914	1,058	-	-	-	-	2,972	-	2,972
<b>At 31 March 2011</b>	<b>21,072</b>	<b>2,636</b>	<b>503</b>	<b>(26)</b>	<b>-</b>	<b>18,121</b>	<b>42,306</b>	<b>-</b>	<b>42,306</b>
At 1 October 2009 (as restated)	19,158	1,630	503	(2,014)	-	7,466	26,743	-	26,743
Net Profit for the period	-	-	-	-	-	954	954	-	954
<b>At 31 March 2010</b>	<b>19,158</b>	<b>1,630</b>	<b>503</b>	<b>(2,014)</b>	<b>-</b>	<b>8,420</b>	<b>27,697</b>	<b>-</b>	<b>27,697</b>

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 2010.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2011 (The figures have not been audited)

	31/03/2011 RM'000	31/03/2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	12,297	1,364
Adjustments for:-		
Non cash items	928	384
Non operating items	(178)	51
Operating profit before working capital changes	13,047	1,799
Net changes in current assets	(3,070)	(720)
Net changes in current liabilities	(1,899)	1,261
Cash from operations	8,078	2,340
Interest paid	(72)	(162)
Income tax paid	(360)	(86)
Net cash from operating activities	7,646	2,092
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	250	105
Purchase of property, plant and equipment	(3,052)	(300)
Proceeds from disposal of equipment	-	6
Net cash for investing activities	(2,802)	(189)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net proceed from issuance of ordinary shares	2,972	-
Net proceed from resold of treasury shares	615	-
Increase in bills payable	(354)	(463)
Repayment of hire purchase obligations	(190)	(87)
Net cash from/ (for) financing activities	3,043	(550)
Net increase in cash and cash equivalents	7,887	1,353
Cash and cash equivalents at beginning of the period	17,686	9,577
Cash and cash equivalents at end of the period	25,573	10,930
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank		
- available	19,909	7,127
- restricted	4,703	5,735
Cash and bank balances	967	223
Bank overdraft	(6)	(2,155)
	25,573	10,930

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 2010.



## UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2011

### 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 2010.

#### 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 2010, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Interpretations and Technical releases which were effective in the current periods ended 31 March 2011:

- ✓ FRS 139 Financial Instruments: Recognition and Measurement
- ✓ Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- ✓ Amendments to FRS 2: Vesting Conditions and Cancellations
- ✓ Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)
- ✓ Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary
- ✓ Amendments to FRS 7, FRS 139 and IC Interpretation 9
- ✓ Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation
- ✓ Amendments to FRS 117: Leases
- ✓ Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments
- ✓ Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)
- ✓ IC Interpretation 9 Reassessment of Embedded Derivatives
- ✓ IC Interpretation 10 Interim Financial Reporting and Impairment
- ✓ IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- ✓ IC Interpretation 12 Service Concession Arrangements
- ✓ IC Interpretation 13 Customer Loyalty Programmes
- ✓ IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- ✓ IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- ✓ IC Interpretation 17 Distributions of Non-cash Assets to Owners
- ✓ Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Unless otherwise described below, the new FRSs, Amendments to FRS, Interpretations and Technical Releases above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of all the above FRSs, Amendments to FRSs, Interpretations and Technical Releases.



## A2. Changes in Accounting Policies (Cont'd)

### (a) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now only include details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income.

The standard also introduces the statement of comprehensive income; presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present in two linked statements. In addition, the adoption of the standards has resulted in consolidated balance sheet now renamed as consolidated statement of financial position.

There is no impact on the results of the Group since these changes affects only the presentation of items of income and expenses.

### (b) Amendments to FRS 117: Leases

The Amendments clarifies the classification of lease of land and requires entities with leases of land to reassess the classification of leasehold land as finance lease or operating lease based on the extend of risks and rewards associated with the land. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of this Amendment has resulted in a change in accounting policy which is applied retrospectively in accordance with the transitional provisions.

The Company has reclassified the existing leasehold land to property, plant and equipment, with no impact on reported profit or equity. However, as a result of the adoption of the Amendments, comparative balances as at 30 September 2010 has been restated as follows:

	As at 30.9.2010 RM'000	Reclassification RM'000	As restated RM'000
Prepaid land lease payments	2,585	(2,585)	Nil
Property, plant and equipment	9,931	2,585	12,516

### (c) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the reporting date reflects the designation of the financial instruments.

#### Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include trade and other receivables, short term investments and investments available-for-sale.



## A2. Changes in Accounting Policies (Cont'd)

### (i) Financial, trade and other receivables

Prior to the adoption of FRS 139, financial, trade and other receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, these receivables are initially measured at fair value plus transaction costs and subsequently at amortised cost using effective interest rate (EIR) method. Gain and losses arising from the derecognition of the receivables, EIR amortisation and impairment losses are recognised in the income statement

### (ii) Investment available-for-sale

Prior to the adoption of FRS 139, non-current investments were accounted for at cost less impairment loss (if any). Under FRS 139, investments available-for-sale is measured at fair value.

### Financial liabilities

Financial liabilities are classified as financial liabilities at fair values through profit or loss, loan and borrowings at amortised cost, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Group's financial liabilities include trade and other payables and borrowings.

Under FRS 139, these financial liabilities are measured initially at fair value and subsequently carried at amortised cost using EIR method.

### Financial Impact

In accordance with the transitional provisions for first time adoption of FRS 139, the above changes are applied prospectively and the comparatives as at 30 September 2010 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the statement of changes in financial position as at 1 October 2010.

	As previously reported RM'000	Effects of adoption of FRS 139 RM'000	As restated RM'000
Property, plant and equipment	12,516	(179)	12,337
Financial receivables	13,172	(145)	13,027
Financial payables	6,551	(31)	6,520
Investment property	45	(45)	Nil
Non-current asset classified as held for sale	321	224	545

Other than the adjustments made to the opening balances shown above, the adoption of FRS 139 has no significant impact to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.



**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**

Save as disclosed below, there were no changes in estimates of amounts reported in prior interim periods, which have a material effect in the current quarter under review.

The Group has revised the depreciation charge for its equipment and fittings based on a reassessment of the useful lives of the assets. The effect of this revision have resulted an increase in the depreciation charge as at 31 March 2011 approximate to RM0.17 million.

**A6. Debts and Equity Securities**

Save as disclosed in Note B8 and below, there was no repurchase and repayment of debt and equity securities, for the current period and financial year-to-date.

There were no share buy-back or treasury shares cancelled by the Company in the current financial quarter. As at 31 March 2011, the number of treasury shares resold and held are as follows:

	Price per share (RM)	Number of shares	31/03/2011 RM'000
Balance as at 1 October 2010		4,674,408	693
Resold- January 2011	0.15	(4,499,500)	(667)
Total treasury shares held		<u>174,908</u>	<u>26</u>

**A7. Dividend Paid**

No dividend was paid during the quarter under review.

**A8. Segmental Information**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/20011 RM'000	Preceding Year Corresponding Quarter 31/03/2010 RM'000	Current Year To Date 31/03/20011 RM'000	Preceding Year Corresponding Period 31/03/2010 RM'000
REVENUE BY ACTIVITIES				
System integration	19,058	8,956	44,730	24,746
Maintenance income	542	301	1,331	1,510
Sales of goods	3,608	2,791	4,363	2,967
Rental income	361	263	712	551
Total	<u>23,569</u>	<u>12,311</u>	<u>51,136</u>	<u>29,774</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 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report).

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during this quarter.

**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 2.58 million. As at 31 March 2011, the said hire purchase facilities stood at RM 1.98 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 RM27.50 million. As at 31 March 2011, the total utilisation of the bank facilities is RM11.72 million.

Save as disclosed in the above, there were no material contingent liabilities up to the date of this report (being the latest practicable date not earlier than seven (7) days from the date of issue of this report).

**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 RM23.57 million and RM6.12 million respectively for the second quarter ended 31 March 2011 as compared to a revenue and profit before taxation of RM12.31 million and RM0.65 million in the preceding year corresponding quarter. The increase in revenue and profit before taxation in current quarter were mainly due to the increase in delivery and certification of workdone in system integration and broadcast engineering projects with better profit margin.

The Group registered a revenue and profit before taxation of RM51.13 million and RM12.30 million respectively for the cumulative quarters ended 31 March 2011 as compared to a revenue and profit before tax of RM29.77 million and RM1.36 million in the preceding year corresponding cumulative quarters. The increase in revenue and profit before taxation in current cumulative quarters were mainly due to the increase in delivery and certification of workdone in system integration and broadcast engineering projects 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 31/03/2011 RM'000	Preceding Quarter Ended 31/12/2010 RM'000	Difference	
			RM'000	%
Revenue	23,569	27,567	(3,998)	(14.50)
Profit before taxation	<u>6,118</u>	<u>6,179</u>	<u>(61)</u>	<u>(0.99)</u>

The Group's revenue and profit before taxation registered a decrease of 14.50 % and 0.99% as compared to the preceding quarter. The decrease in current quarter's revenue was due to fewer working days in the second quarter as compared to the first quarter. The marginal decrease in current quarter's profit before taxation was due to the reduction of current quarter's revenue which was partially offset by the delivery and certification of workdone with improved profit margin.

### B3. Prospects for the Financial Year Ending 30 September 2011

The recent economic data indicate that the world economy seems to be gaining momentum and price pressure slowly building up. Inflation is expected to trend upwards due to the effects of quantitative easing in the Developed economies, geopolitical tensions in the Middle East and North Africa, and on the reconstruction of Japan. In addition, the sovereign debt issue continues to affect parts of the Eurozone with repercussions on the global economy. Meanwhile, major currencies will consolidate against the USD, while Developing Asia currencies likely appreciate further. High growth economies of Developing Asia will face rising inflationary pressures, leading to further policy tightening measures. Inflation will be contained in the developed nations, delaying possibly interest rate hikes.

Using this data, MIER maintains 2011 economic growth of 5.2%.



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

Despite the Developed economies setback and domestic rising inflationary pressure and impacts, the 2011 outlook for the certain industries remained optimistic, backed by the implementation of projects under the 10th Malaysia Plan (10MP), and the Economic Transformation Programme (ETP).

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

The Malaysian economy is projected to expand in between 5.0% to 6.0% in 2011 (2010: 7.2%), 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 next coming and ongoing projects such as Mass Rapid Transit, 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 3.2 million subscribers translating to a household penetration rate of 52.46% as at end-January 2011 (end-June 2010: 3.0 million; 49.21%). 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 2011 with the continue 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 31/03/2011 RM'000	Preceding Year Corresponding Quarter 31/03/2010 RM'000	Current Year To Date 31/03/2011 RM'000	Preceding Year Corresponding Period 31/03/2010 RM'000
Tax payable for the period	1,549	196	3,280	410

The effective tax rate of the Group for the financial period-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 period-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 have not held any quoted securities (other than the Company's own shares) as at 31 March 2011.

## B8. Status of Corporate Proposals

### Proposed Private Placement

Further to the Company's last quarterly report, on behalf of the Board of Directors, Hwang-DBS Securities Berhad announced on 14 February 2011 that the Board has fixed an issue price for the 1st tranche of ordinary shares of RM0.10 each in Digistar ("Digistar Shares") to be issued pursuant to the Proposed Private Placement at RM0.16 per share.

The issue price of RM0.16 per share represents a discount of approximately 5.9% over the five (5)-day weighted average market price of Digistar Shares up to and including 11 February 2011, being the date immediately prior to the price-fixing date, of RM0.17 per share.

On 23 February 2011, 19,140,000 new ordinary shares of RM0.10 each were allotted by the Company at a price of RM0.16 per share to an identified investor, pursuant to the Company's private placement exercise.



## B8. Status of Corporate Proposals (Cont'd)

As of 31 March 2011, the Company has utilised the proceeds raised of RM3.06 million as follow:

Purpose	<u>Proposed</u>	<u>Actual</u>	<u>Deviation</u>	<u>%</u>	<u>Explanations</u>
	<u>Utilisation</u>	<u>Utilisation</u>			
	RM'000	RM'000	RM'000		
Working Capital	2,942	2,942	-	-	Utilised
Defraying of expenses incidental to the Placement	120	120	-	-	Utilised
Total	<u>3,062</u>	<u>3,062</u>	<u>-</u>	<u>-</u>	

Save as disclosed above, there are no other corporate proposals announced but not completed as of to date of this report.

## B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 31 March 2011 consist of the following:-

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Secured:-			
Bank overdraft	6	-	6
Hire purchase liabilities	454	1,529	1,983
Total	<u>460</u>	<u>1,529</u>	<u>1,989</u>

## B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as of to date of this report.

## B11. Material Litigation

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.

## B12. Dividends

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



## B13. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/20011	Preceding Year Corresponding Quarter 31/03/2010	Current Year To Date 31/03/20011	Preceding Year Corresponding Period 31/03/2010
<b>(a) Basic Earnings Per Share</b>				
Net profit attributable to members of the Company (RM'000)	4,569	457	9,017	954
Weighted average number of ordinary shares in issue	197,924,559	178,005,950	192,354,860	178,005,950
Basic earnings per share (sen)	<u>2.31</u>	<u>0.26</u>	<u>4.69</u>	<u>0.54</u>
<b>(b) Diluted Earnings Per Share</b>				
Adjusted net profit attributable to members of the Company (RM'000)	4,645	457	9,169	954
Weighted average number of ordinary shares in issue	197,924,559	178,005,950	192,354,860	178,005,950
Adjustment for assumed exercise of Warrants	27,854,201	-	11,459,678	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>225,778,760</u>	<u>178,005,950</u>	<u>203,814,538</u>	<u>178,005,950</u>
Diluted earnings per share (sen)	<u>2.06</u>	<u>N/A</u>	<u>4.50</u>	<u>N/A</u>

## B14. Qualification of Financial Statements

The audit report of the preceding financial statements for the financial year ended 30 September 2010 was not subject to any audit qualification.

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## **B15. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements**

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	31-Mar-11 RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	18,277
- Unrealised	-
	<hr/> 18,277
Total share of retained profit from associate	-
Total share of retained profit from jointly controlled entity	-
	<hr/> 18,277
Less: Consolidation adjustments	(156)
Total group retained profits as per consolidated financial statements	<hr/> 18,121 <hr/>

## **B16. 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 16 May 2011.

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