



## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Year To Date 30/9/2016 RM'000	Preceding Year Corresponding Period 30/9/2015 RM'000
<b>Revenue</b>	35,541	42,855	167,840	133,923
Cost of sales	(23,323)	(61,821)	(112,371)	(117,882)
Gross profit	12,218	(18,966)	55,469	16,041
Other income	2,664	13,797	5,357	20,798
Administrative expenses	(5,206)	(14,632)	(25,600)	(31,498)
Other expenses	(2,872)	(4,861)	(6,268)	(10,854)
Finance costs	(5,825)	(6,729)	(19,163)	(19,350)
	979	(31,391)	9,795	(24,863)
Share of results in an associate	-	30	-	399
<b>Profit/ (Loss) before taxation</b>	979	(31,361)	9,795	(24,464)
Income tax expense	(1,213)	1,967	(2,646)	(1,308)
<b>Profit/ (Loss) after taxation</b>	(234)	(29,394)	7,149	(25,772)
Attributable to:				
Owners of the company	(55)	(19,765)	13,651	(16,756)
Non-Controlling Interest	(179)	(9,629)	(6,502)	(9,016)
	(234)	(29,394)	7,149	(25,772)
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
<b>Total for the quarter / cumulative quarter</b>	(234)	(29,394)	7,149	(25,772)
Total comprehensive profit/ (loss) attributable to:				
Owners of the company	(55)	(19,765)	13,651	(16,756)
Non-Controlling Interest	(179)	(9,629)	(6,502)	(9,016)
	(234)	(29,394)	7,149	(25,772)
Earnings/ (Loss) per share attributable to owners of the company:				
- basic (sen)	(0.01)	(4.27)	2.84	(3.70)
- fully diluted (sen)	(0.01)	(4.12)	2.70	(5.42)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2015.



## QUARTERLY REPORT ON CONSOLIDATED FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End of Current Quarter 30/9/2016 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2015 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	19,079	8,806
Investment Property	10,543	10,788
Investment in Associate	660	660
Trade Receivables	181,815	-
Goodwill & Intangible Assets	3,253	4,020
	215,350	24,274
<b>CURRENT ASSETS</b>		
Inventories held for resale	62,590	59,508
Trade receivables	56,603	20,945
Other receivables, deposits and prepayments	17,968	15,131
Amounts owing by contract customers	-	120,746
Fixed deposits with licensed banks	25,793	123,926
Cash and bank balances	44,092	22,226
	207,046	362,482
<b>TOTAL ASSETS</b>	422,396	386,756
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	50,905	46,341
Share premium	31,122	29,225
Warrant reserve	6,507	6,508
Treasury shares, at cost	(3,249)	(3,249)
Retained profits	1,354	(12,489)
<b>SHAREHOLDERS' EQUITY</b>	86,639	66,336
Non-controlling interest	(21,707)	(15,014)
<b>TOTAL EQUITY</b>	64,932	51,322
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	18,830	15,509
Deferred tax liabilities	1,600	710
Bonds	270,939	262,662
<b>TOTAL NON-CURRENT LIABILITIES</b>	291,369	278,881
<b>CURRENT LIABILITIES</b>		
Trade payables	26,909	25,162
Amounts owing to contract customers	1,410	6,821
Other payables, deposit received and accruals	19,831	22,608
Amount owing to a related party	-	14
Provision for taxation	1,236	129
Bank overdraft	10,349	1,198
Short term borrowings	6,360	621
<b>TOTAL CURRENT LIABILITIES</b>	66,095	56,553
<b>TOTAL LIABILITIES</b>	357,464	335,434
<b>TOTAL EQUITY AND LIABILITIES</b>	422,396	386,756

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2015.



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2016

	Non-Distributable Reserve				Translation Reserve	Distributable Reserve	Total	Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	Warrants 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 2015	46,341	29,225	6,508	(3,249)	-	(12,489)	66,336	(15,014)	51,322
Issuance of Shares	4,564	1,898	(1)	-	-	-	6,461		6,461
Acquisition of non-controlling interest	-	-	-	-	-	191	191	(191)	-
Total comprehensive income for the financial year	-	-	-	-	-	13,651	13,651	(6,502)	7,149
At 30 September 2016	50,905	31,123	6,507	(3,249)	-	1,353	86,639	(21,707)	64,932
At 1 October 2014	42,191	24,347	6,508	(3,249)	-	4,867	74,664	(6,056)	68,608
Share Repurchased	4,150	4,878	-	-	-	-	9,028	-	9,028
Acquisition of non-controlling interest	-	-	-	-	-	(600)	(600)	58	(542)
Total comprehensive income for the financial year	-	-	-	-	-	(16,756)	(16,756)	(9,016)	(25,772)
At 30 September 2015	46,341	29,225	6,508	(3,249)	-	(12,489)	66,336	(15,014)	51,322

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 2015.



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2016

	30/9/2016 RM'000	30/9/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	9,795	(24,464)
Adjustments for:-		
Non cash items	2,750	2,435
Non operating items	16,079	15,434
Operating profit before working capital changes	28,624	(6,595)
Net changes in current assets	(100,578)	(107,635)
Net changes in current liabilities	(6,441)	27,925
Cash from operations	(78,395)	(86,305)
Interest received	3,084	7,733
Interest paid	(19,163)	(14,479)
Income tax paid	(1,086)	(2,550)
Net cash used in operating activities	(95,560)	(95,601)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,054)	(2,519)
Purchase of investment property	-	-
Net proceed of disposal of fixed asset	65	207
Advances to associate	(2,068)	(1,639)
Net cash outflow from acquisition of a subsidiary company	-	(1,126)
Net cash used in investing activities	(14,057)	(5,077)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceed from issuance of ordinary shares	6,460	9,029
Long term Loan	12,415	13,926
Repayment of hire purchase obligations	(420)	(780)
Repayment of related parties	(14)	(1,115)
Net (repayment) / drawdown of bills payable	5,758	(6,086)
Net cash from financing activities	24,199	14,974
Net decrease in cash and cash equivalents	(85,418)	(85,704)
Cash and cash equivalents at beginning of period	144,954	230,658
Cash and cash equivalents at end of period	59,536	144,954
<b>Note:</b>		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank		
- available	23,955	120,946
- restricted	1,838	2,980
Cash and bank balances	44,092	22,226
Bank overdraft	(10,349)	(1,198)
	59,536	144,954

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 2015.



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## UNAUDITED QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2016

### **A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

#### **A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the Malaysia Financial Reporting Standard (MFRS) 134 Interim Financial Reporting and Appendix 9B of the Main 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 2015.

#### **A2. Changes in Accounting Policies**

The significant accounting policies, methods of computations, new accounting standards and interpretation (including the consequential amendments) 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 2015.

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called “transitioning entities”).

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 30 September 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

In accordance with IC interpretation 12 para 22 and MFRS 123, borrowing costs attributable to the arrangement shall be recognised as expense in the period in which they are incurred unless the operator has a contractual right to receive an intangible asset (a right of charge users of the public service). In this case borrowing costs attributable to the arrangement shall be capitalised during the construction phase of the arrangement in accordance with that standard.

#### **A3. Seasonal or Cyclical Factors**

There were no material changes brought about by seasonal or cyclical factors that affects the performance of the Group for financial period 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 that had any material effect on the financial period-to-date results.

**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 period-to-date.

There were no share buy-back or treasury shares cancelled by the Company in the current financial quarter. As at 30 September 2016, the number of treasury shares repurchased and held are as follow:

	<b>Number of shares</b>	<b>As at 30/9/2016 RM'000</b>
Balance as at 1 October 2015	7,372,808	3,249
Repurchased	-	-
Total treasury shares held	<u>7,372,808</u>	<u>3,249</u>

**A7. Dividend Paid**

No dividend was paid during the quarter under review.

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## A8. Segmental Information

Segment information for the cumulative period is presented in respect of the Group's business segments as follows:

### Results for 12 months ended 30 September 2016

30-Sep-2016 RM'000 The Group	System		Maintenance	Investment	Rental	Property			Elimination	Group
	Integration	Trading	Income	Holding		Development	Construction	Hospitality		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>										
External revenue	16,281	6,012	1,374	-	1,303	(2,187)	136,870	8,187	-	167,840
Intersegment revenue	66,000	120	-	-	228	(641)	97,691	-	(163,398)	-
<b>Total revenue</b>	<b>82,281</b>	<b>6,132</b>	<b>1,374</b>	<b>-</b>	<b>1,531</b>	<b>(2,828)</b>	<b>234,561</b>	<b>8,187</b>	<b>(163,398)</b>	<b>167,840</b>
<b>RESULTS</b>										
Segment results (external)	17,058	185	676	(443)	(109)	4,717	6,672	202	-	28,958
Finance costs	(911)	(5)	-	-	(1)	(984)	(17,262)	-	-	(19,163)
Profit/ (Loss) from ordinary activities before taxation										9,795
Income tax expense										(2,646)
Share loss in associate										-
Profit/ (Loss) after taxation										7,149
Non-controlling interest										6,502
<b>Net profit/ (Loss) attributable to the owners of the Company</b>										<b>13,651</b>

### Results for 12 months ended 30 September 2015

30-Sep-2015 RM'000 The Group	System		Maintenance	Investment	Rental	Property			Elimination	Group
	Integration	Trading	Income	Holding		Development	Construction	Hospitality		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>										
External revenue	11,177	7,265	1,488	-	1,666	19,254	90,681	2,392	-	133,923
Intersegment revenue	2,300	-	-	-	228	308	140,334	-	(143,170)	-
<b>Total revenue</b>	<b>13,477</b>	<b>7,265</b>	<b>1,488</b>	<b>-</b>	<b>1,894</b>	<b>19,562</b>	<b>231,015</b>	<b>-</b>	<b>(143,170)</b>	<b>133,923</b>
<b>RESULTS</b>										
Segment results (external)	(11,351)	(415)	285	(232)	(331)	(8,402)	17,933	(497)	(2,503)	(5,513)
Finance costs	(308)	(3)	-	(1)	(2)	(1,177)	(18,499)	-	640	(19,350)
Profit/ (Loss) from ordinary activities before taxation										(24,863)
Income tax expense										(1,308)
Share loss in associate										399
Profit/ (Loss) after taxation										(25,772)
Non-controlling interest										9,016
<b>Net profit/ (Loss) attributable to the owners of the Company</b>										<b>(16,756)</b>



## A9. Material Events Subsequent to the End of the Quarter

There were no material event 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 the quarter under review and financial period to-date.

## A11. Contingent Liabilities

Save as disclosed in below, 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).

	<b>As at 20/11/2016</b>
	<b>RM'000</b>
Contingent Liabilities :	
Unsecured :	
Guarantees given to financial institutions in respect of facilities extended to a subsidiary	12,059
Guarantee given to a subsidiary's supplier for credit facility	1,000
Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	12,412
Corporate Guarantee given to a financial institution for performance guarantee facility to a subsidiary	280,000
Total	<u>305,471</u>

## 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 revenue of RM35.54 million for the fourth quarter ended 30 September 2016 as compared to RM42.86 million in the preceding year corresponding quarter. The decrease in revenue for the current quarter was mainly due to the JKR project completed in June 2016. No further revenue recognition for the JKR project during the current quarter.

The Group registered profit before taxation of RM0.98 million for the current quarter ended 30 September 2016 as compared to loss before taxation of RM31.36 million in the preceding year corresponding quarter.

The business segment in the system integration generated RM82.28 million which was approximately 49.02% of the total Group revenue. This segment shown increased in revenue of RM71.10 million from RM11.18 million as compared to preceding year. The increase in the revenue generation for current year was due to recognition of JKR project – ICT portion. This segment has registered profit before taxation margin rate of 19.62% or RM 16.15 million as compared to a pre-tax loss margin rate of 104.31% or RM11.66 million in the preceding year corresponding quarter year ended.

The business segment from trading, maintenance and rental shown decreased on revenue as compared to previous year quarter. In overall, these three (3) segments generated revenue of RM9.03 million and generated a profit before taxation of RM0.75 million or profit margin of 8.30% for current quarter as compared to revenue of RM10.65 million and loss before tax of RM0.47 million or loss margin of 4.41% in previous year end quarter. There was no external dividend income generated from the investment holding segment for current and preceding year corresponding quarter.

The Hospitality sector commenced operation in March 2015, this sector has contributed RM8.19 million in revenue as compare to RM2.38 million in the preceding year corresponding quarter and registered profit before taxation of RM0.2 million as compare to the loss before tax of RM0.50 million as at ended 30 September 2016.

The construction sector generated RM70.87 million which is approximately 42.22% contribution to the total Group revenue. This segment shown decreased revenue of RM19.81 million from RM90.68 million as compared to preceding year quarter. The segment has registered pre-tax loss of RM10.59 million or loss margin of 14.94% as compare to the pre-tax loss of RM0.57 million and loss margin of 0.62% in the preceding year corresponding quarter.



## B2. Variation of Results against Preceding Quarter

	Current Quarter	Preceding Quarter	Difference	
	Ended 30/9/2016 RM'000	Ended 30/6/2016 RM'000	RM'000	%
Revenue	35,541	51,137	(15,596)	(30.50)
Profit before taxation	<u>979</u>	<u>5,906</u>	<u>(4,927)</u>	<u>(83.42)</u>

The Group's achieved a revenue of RM35.54 million in the current quarter as compared to RM51.13 million recorded in the immediate preceding quarter. The decrease in revenue mainly due to the completion of JKR project in quarter ended 30 June 2016. There is no further JKR revenue recognition during the current quarter.

## B3. Prospects

It is envisaged that 2017 will be a challenging year in view of continued volatility of foreign exchange and global economic uncertainty. The Board expects the Group's performance for current year to be satisfactory.

## B4. Profit Forecast, Profit Guarantee and Internal Targets

- a) Profit forecast : Not Applicable
- b) Profit guarantee : Not Applicable

## B5. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Year To Date 30/9/2016 RM'000	Preceding Year Corresponding Period 30/9/2015 RM'000
Income tax expense for the period	<u>1,213</u>	<u>(1,967)</u>	<u>2,646</u>	<u>1,308</u>

The effective tax rate for the current period was higher than the statutory tax rate due to add back of non deductible expenses,



**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 was no disposal of quoted securities for the current quarter and financial period-to-date.

**B8. Status of Corporate Proposals**

There were no effective proposal as at quarter end.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 September 2016 consist of the following:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
Secured:-			
Bank overdraft	10,349	-	10,349
Bankers acceptance	5,758	-	5,758
Hire purchase payables	602	1,078	1,680
Bridging Loan/ Term Loan	-	17,752	17,752
Bonds	-	270,939	270,939
Total	<u>16,709</u>	<u>289,769</u>	<u>306,478</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, Claims or Arbitration**

There was no material litigation action since the last annual balance sheet to the date of this report.



## B12. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2016	Preceding Year Corresponding Quarter 30/9/2015	Current Year To Date 30/9/2016	Preceding Year Corresponding Period 30/9/2015
<b>(a) Basic Earnings Per Share</b>				
Net profit/ (loss) attributable to members of the Company (RM'000)	(55)	896	13,651	3,515
Weighted average number of ordinary shares in issue	501,646,119	463,365,199	479,964,253	458,202,475
Basic earnings/ (loss) per share (sen)	(0.01)	0.19	2.84	0.77
<b>(b) Diluted Earnings Per Share</b>				
Net profit/ (loss) attributable to members of the Company (RM'000)	(55)	896	13,651	3,515
Weighted average number of ordinary shares in issue	501,646,119	463,365,199	479,964,253	458,202,475
Adjustment for assumed exercise of Warrants	19,087,135	19,937,259	26,535,038	32,197,604
Adjusted weighted average number of ordinary shares in issue and issuable	520,733,254	483,302,458	506,499,291	490,400,079
Diluted earnings/ (loss) per share (sen)	(0.01)	0.18	2.70	0.72

## B13. 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.

	As at 30/9/2016 RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	(6,079)
- Unrealised	-
	<u>(6,079)</u>
Less: Consolidation adjustments	7,433
	<u>1,354</u>
Total group retained profits as per consolidated financial statements	<u>1,354</u>



## B14. Notes to the Condensed Consolidated Statements of Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Preceding Year		Preceding Year	
	Current Year Quarter	Corresponding Quarter	Current Year To Date	Corresponding Period
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Other operation income:				
- Interest Income	(738)	(2,294)	(3,084)	(8,268)
- Loss/ (Gain) on disposal of property, plant and equipment	-	(24)	(65)	(24)
Interest Expense	5,825	6,729	19,163	19,350
Depreciation and Amortization	1,243	729	2,815	2,073
Net Foreign Exchange (Gain) / Loss	373	27	302	(12)

## B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 28 November 2016.