



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 30-6-2017 RM'000	Preceding Year Corresponding Quarter 30-6-2016 RM'000	Current Year To Date 30-6-2017 RM'000	Preceding Year Corresponding Period 30-6-2016 RM'000
Revenue	12,451	51,137	43,088	132,299
Cost of sales	(6,548)	(36,454)	(14,192)	(89,048)
Gross profit	5,903	14,683	28,896	43,251
Other income	655	1,437	2,057	2,693
Administrative expenses	(4,650)	(4,576)	(14,279)	(20,394)
Other expenses	(1,273)	(1,254)	(1,588)	(3,396)
Finance costs	(5,942)	(4,384)	(13,972)	(13,338)
	(5,307)	5,906	1,114	8,816
Share of results in an associate	-	-	-	-
Profit before taxation	(5,307)	5,906	1,114	8,816
Income tax expense	(167)	(938)	(389)	(1,433)
Profit after taxation	(5,474)	4,968	725	7,383
Attributable to:				
Owners of the company	(5,980)	6,931	(4,490)	13,706
Non-Controlling Interest	506	(1,963)	5,215	(6,323)
	(5,474)	4,968	725	7,383
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	(5,474)	4,968	725	7,383
Total comprehensive profit attributable to:				
Owners of the company	(5,980)	6,931	(4,490)	13,706
Non-Controlling Interest	506	(1,963)	5,215	(6,323)
	(5,474)	4,968	725	7,383
Earnings per share attributable to owners of the company:				
- basic (sen)	(1.01)	1.38	(0.81)	2.90
- fully diluted (sen)	(1.01)	1.33	(0.81)	2.73

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 2016.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End of Current Quarter 30-06-17 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-09-16 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,361	9,442
Investment Property	19,168	19,352
Investment in Associate	489	289
Trade receivables	153,613	177,622
Goodwill & Intangible Assets	3,253	3,253
Deferred Tax Assets	313	313
	185,197	210,271
CURRENT ASSETS		
Inventories held for resale	63,548	63,871
Trade receivables	61,852	60,230
Other receivables, deposits and prepayments	6,017	17,166
Amounts owing by contract customers	-	864
Current tax assets	2,256	1,215
Fixed deposits with licensed banks	71,598	25,793
Cash and bank balances	23,661	44,101
	228,932	213,240
TOTAL ASSETS	414,129	423,511
EQUITY AND LIABILITIES		
EQUITY		
Share capital	59,916	50,902
Share premium	34,619	31,121
Warrant reserve	5,714	6,507
Treasury shares, at cost	(3,249)	(3,249)
Retained profits	(3,775)	715
SHAREHOLDERS' EQUITY	93,225	85,996
Non-controlling interest	(16,552)	(21,766)
TOTAL EQUITY	76,673	64,230
NON-CURRENT LIABILITIES		
Hire purchase payables	553	1,078
Long term borrowings	6,891	17,583
Bonds	272,628	270,939
Deferred tax liabilities	1,600	1,600
TOTAL NON-CURRENT LIABILITIES	281,672	291,200
CURRENT LIABILITIES		
Trade payables	23,544	34,349
Amounts owing to contract customers	-	2,231
Other payables, deposit received and accruals	17,004	13,127
Amount owing to a related party	-	13
Provision for taxation	-	1,483
Hire purchase payables	459	602
Bank overdraft	13,258	10,349
Short term borrowings	1,519	5,927
TOTAL CURRENT LIABILITIES	55,784	68,081
TOTAL LIABILITIES	337,456	359,281
TOTAL EQUITY AND LIABILITIES	414,129	423,511
NET ASSETS PER SHARE	15.75	17.14

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2016.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	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 2016	50,902	31,121	6,507	(3,249)	-	715	85,996	(21,766)	64,230
Issuance of Shares	9,014	3,498	(793)	-	-	-	11,719	-	11,719
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	(4,490)	(4,490)	5,214	724
At 30 June 2017	<u>59,916</u>	<u>34,619</u>	<u>5,714</u>	<u>(3,249)</u>	<u>-</u>	<u>(3,775)</u>	<u>93,225</u>	<u>(16,552)</u>	<u>76,673</u>
At 1 October 2015	46,341	29,225	6,507	(3,249)	-	(12,489)	66,335	(15,014)	51,321
Issuance of Shares	4,561	1,845	-	-	-	-	6,406	-	6,406
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	13,706	13,706	(6,323)	7,383
At 30 June 2016	<u>50,902</u>	<u>31,070</u>	<u>6,507</u>	<u>(3,249)</u>	<u>-</u>	<u>1,217</u>	<u>86,447</u>	<u>(21,337)</u>	<u>65,110</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 2016.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	30-6-2017 RM'000	30-9-2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,114	9,129
Adjustments for:-		
Non cash items	4,038	2,459
Non operating items	6,810	17,176
Operating profit before working capital changes	11,962	28,764
Net changes in trade receivable (long term)	24,009	-
Net changes in current assets	10,714	(110,481)
Net changes in current liabilities	(9,172)	(706)
Cash from operations	37,513	(82,423)
Interest received	1,647	2,353
Interest paid	(8,372)	(9,659)
Income tax paid	(2,913)	(1,112)
Net cash used in operating activities	27,875	(90,841)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(192)	(1,303)
Acquisition of a associate company	(200)	-
Purchase of investment property	-	(4,502)
Net proceed of disposal of fixed asset	38	213
Repayment / (Advances) to associate	-	(400)
Net cash used in investing activities	(354)	(5,992)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	9,014	6,457
Long term Loan	(9,003)	(513)
Repayment of hire purchase obligations	(668)	(420)
Advances from a director	-	142
Net drawdown of bills payable	(4,408)	5,758
Net cash from financing activities	(5,065)	11,424
Net increase / (decrease) in cash and cash equivalents	22,456	(85,409)
Cash and cash equivalents at beginning of period	59,545	144,954
Cash and cash equivalents at end of period	82,001	59,545
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank	71,598	25,793
Cash and bank balances	23,661	44,101
Bank overdraft	(13,258)	(10,349)
	82,001	59,545

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 2016.



UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2016.

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 2016.

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 further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

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 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

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

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 June 2017, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 30-6-2017 RM'000
Balance as at 1 October	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 9 months ended 30 June 2017

30-Jun-2017 RM'000 The Group	System		Maintenance	Investment	CMS RM	Rental	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration RM	Trading RM	Income RM	Holding RM			Development RM	Concession RM			
REVENUE											
External revenue	4,850	1,168	446	-	3,482	1,028	(12)	23,246	8,880	-	43,088
Intersegment revenue	-	-	-	-	-	270	-	-	-	(270)	-
Total revenue	4,850	1,168	446	-	3,482	1,298	(12)	23,246	8,880	(270)	43,088
RESULTS											
Segment results (external)	(9,188)	398	217	(496)	1,631	72	(529)	21,360	1,621	-	15,086
Finance costs	(649)	-	-	(251)	-	-	(368)	(12,637)	(67)	-	(13,972)
Profit/ (Loss) from ordinary activities before taxation											1,114
Income tax expense											(389)
Share loss in associate											-
Profit/ (Loss) after taxation											725
Non-controlling interest											(5,215)
Net profit/ (Loss) attributable to the owners of the Company											(4,490)

Results for 9 months ended 30 June 2016

30-Jun-2016 RM'000 The Group	System		Maintenance	Investment	CMS RM	Rental	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration RM	Trading RM	Income RM	Holding RM			Development RM	Concession RM			
REVENUE											
External revenue	74,315	1,624	1,154	-	-	944	-	48,072	6,190	-	132,299
Intersegment revenue	-	-	-	-	-	261	-	161,753	-	(162,014)	-
Total revenue	74,315	1,624	1,154	-	-	1,205	-	209,825	-	(162,014)	132,299
RESULTS											
Segment results (external)	16,397	828	460	56	-	(83)	(4,583)	7,370	1,709	-	22,154
Finance costs	(472)	(62)	-	-	-	(1)	(640)	(12,110)	(53)	-	(13,338)
Profit/ (Loss) from ordinary activities before taxation											8,816
Income tax expense											(1,433)
Profit/ (Loss) after taxation											7,383
Non-controlling interest											6,323
Net profit/ (Loss) attributable to the owners of the Company											13,706



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).

	As at 22/08/2017
	RM'000
Contingent Liabilities :	
Unsecured :	
Guarantee given to a subsidiary's supplier for credit facility	963,255
Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	3,020,879
Total	<u>3,984,134</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

For the quarter ended 30 June 2017 (Q3 2017), the Group registered revenue of RM12.45 mil as compared to RM51.14 million in 30 June 2016 (Q3 2016). The decrease in revenue for the current quarter was mainly due to completion of the projects.

The Group registered loss before taxation of RM5.3 million in Q3 2017 as compared to profit before taxation of RM5.9 million Q3 2016.

The business segment in the system integration generated RM4.85 million for 9 months ended 30 June 2017, which was approximately 11.25% of the total Group revenue. This segment shown decrease in revenue of RM69.46 million from RM74.31 million posted in same period in preceding year. The decrease in the revenue generation for current quarter was due to completion of the JKR project – supply and installation of ICT and Laboratory equipment. This segment has registered loss before taxation of RM9.19 million for 9 months ended 30 June 2017 as compared to profit before tax of RM16.40 million in the same period of preceding year.

The business segment from trading, maintenance and rental shown decreased on revenue as compared to previous year corresponding quarter. In overall, these three (3) segments generated revenue of RM2.6 million and generated a profit before taxation of RM0.68 million for 9 months ended 30 June 2017 as compared to revenue of RM3.72 million and profit before tax of RM1.21 million in same period of preceding year. 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 RM8.88 million in revenue and registered profit before taxation of RM1.6 million for the 9 months ended 30 June 2017 as compared to revenue of RM6.19 million and profit before tax of RM1.71 million in same period preceding year.

The construction / concession sector generated RM23.24 million for 9 month ended 30 June 2017 which is approximately 54% contribution to the total Group revenue. This segment shown decreased revenue of RM24.83 million from RM48.07 million posted in same period preceding year.



B2. Variation of Results against Preceding Quarter

	Current Quarter	Preceding Quarter	Difference	
	Ended 30-06-17 RM'000	Ended 31-03-17 RM'000	RM'000	%
Revenue	12,451	15,070	(2,619)	(17.38)
Profit before taxation	<u>(5,307)</u>	<u>2,096</u>	<u>(7,403)</u>	<u>(353.20)</u>

The Group's achieved a revenue of RM12.45 million in the current quarter as compared to RM15.07 million recorded in the immediate preceding quarter.

B3. Prospects

The Board expects the Group's performance in 2017 to remain positive.

B4. Profit Forecast, Profit Guarantee and Internal Targets

- a) Profit forecast : Not Applicable
- b) Profit guarantee : Not Applicable
- c) Internal targets : Not Applicable

B5. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-6-2017 RM'000	Preceding Year Corresponding Quarter 30-6-2016 RM'000	Current Year To Date 30-6-2017 RM'000	Preceding Year Corresponding Period 30-6-2016 RM'000
Income tax expense for the period	<u>167</u>	<u>938</u>	<u>389</u>	<u>1,433</u>

The effective tax rate for the current period was lower than the statutory tax rate due to set off of the unabsorbed loss.



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.

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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 June 2017 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	13,258	-	13,258
Bankers acceptance	1,519	-	1,519
Hire purchase payables	459	553	1,012
Bridging Loan/ Term Loan	-	6,891	6,891
Bonds	-	272,628	272,628
Total	<u>15,236</u>	<u>280,072</u>	<u>295,308</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.

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B12. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-06-17	Preceding Year Corresponding Quarter 30-06-16	Current Year To Date 30-06-17	Preceding Year Corresponding Period 30-06-16
(a) Basic Earnings Per Share				
Net profit/ (loss) attributable to members of the Company (RM'000)	(5,980)	6,931	(4,490)	13,706
Weighted average number of ordinary shares in issue	591,787,626	501,645,141	551,313,279	472,684,210
Basic earnings/ (loss) per share (sen)	(1.01)	1.38	(0.81)	2.90
(b) Diluted Earnings Per Share				
Net profit/ (loss) attributable to members of the Company (RM'000)	(5,980)	6,931	(4,490)	13,706
Weighted average number of ordinary shares in issue	591,787,626	501,645,141 20,775,113	551,313,279	472,684,210 28,728,285
Adjusted weighted average number of ordinary shares in issue and issuable	591,787,626	522,420,254	551,313,279	501,412,495
Diluted earnings/ (loss) per share (sen)	(1.01)	0.46	(0.81)	2.73

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 30-06-17 RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	(4,117)
- Unrealised	-
	<u>(4,117)</u>
Less: Consolidation adjustments	342
Total group retained profits as per consolidated financial statements	<u>(3,775)</u>



B14. Notes to the Condensed Consolidated Statements of Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-06-17 RM'000	Preceding Year Corresponding Quarter 30-06-16 RM'000	Current Year To Date 30-06-17 RM'000	Preceding Year Corresponding Period 30-06-16 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Other operation income:				
- Interest Income	(684)	(1,176)	(1,647)	(2,346)
- Loss/ (Gain) on disposal of property, plant and equipment	-	-	(53)	(65)
Interest Expense	5,977	4,384	13,882	13,338
Depreciation and Amortization	474	737	1,457	1,572
Net Foreign Exchange (Gain) / Loss	-	(71)	4	(71)

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 28 August 2017.