



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 RM'000	Current Year To Date 30/9/2018 RM'000	Preceding Year Corresponding Period 30/9/2017 RM'000
Revenue	14,506	20,340	57,342	63,428
Cost of sales	(8,899)	(129)	(22,524)	(14,321)
Gross profit	5,607	20,211	34,818	49,107
Other income	3,077	2,408	5,603	4,465
Administrative expenses	(3,104)	(6,462)	(21,839)	(20,741)
Other expenses	(7,811)	(5,678)	(9,400)	(7,266)
Finance costs	(7,911)	(5,145)	(20,974)	(19,117)
	(10,142)	5,334	(11,792)	6,448
Share of results in an associate	(61)	(144)	141	(144)
(Loss)/profit before taxation	(10,203)	5,190	(11,651)	6,304
Income tax expense	(3,900)	(2,860)	(4,037)	(3,249)
(Loss)/profit after taxation	(14,103)	2,330	(15,688)	3,055
Attributable to:				
Owners of the company	(17,783)	2,808	(17,667)	751
Non-Controlling Interest	1,945	(478)	1,979	2,304
	(15,838)	2,330	(15,688)	3,055
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	(15,838)	2,330	(15,688)	3,055
Total comprehensive (loss)/profit attributable to:				
Owners of the company	(17,783)	2,808	(17,667)	751
Non-Controlling Interest	1,945	(478)	1,979	2,304
	(15,838)	2,330	(15,688)	3,055
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	(2.70)	0.47	(2.70)	0.13
- fully diluted (sen)	(2.70)	0.47	(2.70)	0.13

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 2017.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT TO FINANCIAL POSITION

	As At End of Current Quarter 30/09/2018 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/09/2017 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	14,688	8,158
Investment Property	15,781	19,711
Investment in Associate	-	144
Trade receivables	167,112	172,540
Goodwill & Intangible Assets	1,877	2,471
	199,458	203,024
CURRENT ASSETS		
Inventories held for resale	61,853	62,770
Trade receivables	26,523	37,719
Other receivables, deposits and prepayments	24,512	7,419
Amounts owing by associate company	-	966
Amounts owing by contract customers	823	4,202
Current tax assets	249	1,613
Fixed deposits with licensed banks	43,351	73,407
Cash and bank balances	50,826	5,025
	208,137	193,121
TOTAL ASSETS	407,595	396,145
EQUITY AND LIABILITIES		
EQUITY		
Share capital	102,333	94,244
Warrant reserve	6,004	6,005
Treasury shares, at cost	(3,249)	(3,249)
Accumulated loss	(26,747)	(9,080)
SHAREHOLDERS' EQUITY	78,341	87,920
Non-controlling interest	(6,937)	(8,916)
TOTAL EQUITY	71,404	79,004
NON-CURRENT LIABILITIES		
Hire purchase payables	1,001	739
Long term borrowings	3,675	3,848
Bonds	270,639	214,400
Deferred tax liabilities	6,214	3,363
TOTAL NON-CURRENT LIABILITIES	281,529	222,350
CURRENT LIABILITIES		
Trade payables	6,508	13,575
Amounts owing to contract customers	-	471
Other payables, deposit received and accruals	15,925	13,810
Bonds	25,809	60,000
Provision for taxation	361	816
Hire purchase payables	507	514
Bank overdraft	2,468	3,810
Short term borrowings	3,084	1,795
TOTAL CURRENT LIABILITIES	54,662	94,791
TOTAL LIABILITIES	336,191	317,141
TOTAL EQUITY AND LIABILITIES	407,595	396,145
NET ASSETS PER SHARE (SEN)	11.90	15.75

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2017.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Non-Distributable Reserve			Distributable Reserve		Non-Controlling Interest	Total Equity
	Share Capital	Reserve	Treasury Shares	Retained Profits / (Accumulated Loss)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2017 (As restated)	94,244	6,004	(3,249)	(9,080)	87,919	(8,916)	79,003
Issuance of Shares	8,089	-	-	-	8,089	-	8,089
Total comprehensive income for the financial year	-	-	-	(17,667)	(17,667)	1,979	(15,688)
At 30 September 2018	102,333	6,004	(3,249)	(26,747)	78,341	(6,937)	71,404
At 1 October 2016	82,023	6,507	(3,249)	715	85,996	(21,766)	64,230
Correction of error	-	-	-	(10,546)	(10,546)	10,546	-
Issuance of Shares	12,221	(503)	-	-	11,718	-	11,718
Total comprehensive income for the financial year	-	-	-	751	751	2,304	3,055
At 30 September 2017	94,244	6,004	(3,249)	(9,080)	87,919	(8,916)	79,003

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. The Company transferred the credit standing in the share premium account to the share capital account pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any members of the Company as a result of this transition.

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 2017.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	30/9/2018 RM'000	30/9/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(11,651)	6,303
Adjustments for:-		
Non cash items	3,378	10,494
Non operating items	17,562	(11,487)
Operating profit before working capital changes	9,289	5,310
Net changes in current assets	445	51,588
Net changes in current liabilities	(2,040)	(20,005)
Cash from operations	7,694	36,893
Interest received	3,412	2,316
Interest paid	(20,974)	(15,618)
Income tax paid	(272)	(2,238)
Net cash (used in) / from operating activities	(10,140)	21,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,450)	(385)
Net proceed from disposal of fixed asset	204	137
Repayment from associate	966	1,102
Net cash (used in) / from investing activities	(4,280)	854
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	8,089	11,718
Bond proceed	22,048	-
Term loan	(160)	(13,752)
Financing / (Repayment) of hire purchase	255	(969)
Net drawdown / (repayment) of bills payable	1,276	(4,127)
Net cash from / (used in) financing activities	31,508	(7,130)
Net increase in cash and cash equivalents	17,088	15,077
Cash and cash equivalents at beginning of period	74,621	59,544
Cash and cash equivalents at end of period	91,709	74,621
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank	43,351	73,406
Cash and bank balances	50,826	5,025
Bank overdraft	(2,468)	(3,810)
	91,709	74,621

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 2017.



UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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 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 2017.

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 2017.

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 or 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 September 2018, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 30/9/2018 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 the year ended 30 September 2018

30-Sep-2018 RM'000 The Group	System	Investment	CMS RM	Rental RM	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration	Holding			Development	Concession			
	RM	RM			RM	RM			
REVENUE									
External revenue	5,580	240	3,947	945	397	30,572	15,662	-	57,343
Intersegment revenue	-	-	1,009	356	-	-	-	(1,365)	-
Total revenue	5,580	240	4,956	1,301	397	30,572	15,662	(1,365)	57,343
RESULTS									
Segment results (external)	(14,887)	(821)	(3,717)	95	439	24,322	339		5,770
Interest income									3,412
Finance costs									(20,974)
Share of results in associate									141
Loss from ordinary activities before taxation									(11,651)
Income tax expense									(4,037)
Loss after taxation									(15,688)
Non-controlling interest									(1,979)
Net loss attributable to the owners of the Company									(17,667)

Results for the year ended 30 September 2017

30-Sep-2017 RM'000 The Group	System	Investment	CMS RM	Rental RM	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration	Holding			Development	Concession			
	RM	RM			RM	RM			
REVENUE									
External revenue	14,528	240	4,402	1,226	660	29,964	12,408	-	63,428
Intersegment revenue	259		1,385	360	-	-	-	(2,004)	-
Total revenue	14,787	240	5,787	1,586	660	29,964	12,408	(2,004)	63,428
RESULTS									
Segment results (external)	(11,980)	(565)	(842)	(368)	(165)	35,033	2,137	-	23,250
Interest income									2,315
Finance costs									(19,117)
Share of results in associate									-
Profit from ordinary activities before taxation									6,304
Income tax expense									(3,249)
Profit after taxation									3,055
Non-controlling interest									(2,304)
Net profit attributable to the owners of the Company									751



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 28/11/2018
Contingent Liabilities :	RM
Unsecured :	
Guarantee given to a subsidiary's supplier for credit facility	-
Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	537,265
Total	<u>537,265</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 September 2018, the Group registered revenue of RM14.5 million as compared to RM20.34 million for the quarter ended 30 September 2017.

The Group registered loss of RM10.2 million for the quarter ended 30 September 2018 as compared to profit before taxation of RM5.19 million for the quarter ended 30 September 2017.

For the 12 months ended 30 September 2018, the Group registered revenue of RM57.34 million as compared to RM63.43 million in the same period of preceding year

The Group registered loss before taxation of RM11.65 million for 12 months ended 30 September 2018 as compared to profit before taxation of RM6.3 million in the same period of preceding year.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM5.6 million for 12 months ended 30 September 2018, which was approximately 9.7% of the total Group revenue. This segment shown decrease in revenue of RM9.2 million from RM14.8 million posted in same period of preceding year. The decrease in the revenue was mainly due to completion of the existing projects. This segment registered loss before taxation of RM14.9 million for 12 months ended 30 September 2018 as compared to loss of RM12.0 million in the same period of preceding year.

The hospitality sector has contributed RM15.7 million in revenue and registered profit before taxation of RM0.3 million for the 12 months ended 30 September 2018 as compared to revenue of RM12.4 million and profit before tax of RM2.1 million in the same period of preceding year. The segment contributed 27.3% of the total Group revenue.

The construction / concession sector generated revenue of RM30.6 million for 12 months ended 30 September 2018 which is approximately 53.3% contribution to the total Group revenue. This segment has achieved profit of RM24.3 million. In the same period of preceding year, the sector generated revenue of RM30.0 million.



B2. Variation of Results against Preceding Quarter

	Current Quarter	Preceding Quarter	Difference	
	Ended 30/09/2018 RM'000	Ended 30/06/2018 RM'000	RM'000	%
Revenue	14,506	14,327	179	1.25
Loss before taxation	<u>(10,203)</u>	<u>(1,696)</u>	<u>(8,507)</u>	<u>501.59</u>

B3. Prospects

Despite the challenging business environment taking into account the political and economic conditions in the country, with the on-going efforts by the Group to increase the revenue and implement cost cutting initiatives, the Board expects the Group's performance in 2019 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 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 RM'000	Current Year To Date 30/9/2018 RM'000	Preceding Year Corresponding Period 30/9/2017 RM'000
Income tax expense for the period	<u>3,900</u>	<u>2,860</u>	<u>4,037</u>	<u>3,249</u>

The effective tax rate was higher than the statutory tax rate of due to losses of certain subsidiaries that were not able to offset against taxable profits of other subsidiaries.



B6. Profit/ (Loss) on Sale of Unquoted Investments and/or Properties

In the current quarter, the Company disposed its investment in the associate company and realised a profit of RM 4,124.

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

As at 30 September 2018, the Company has utilised RM0.267m of the proceeds of RM8.202 million raised from the Private Placement Exercise on 31 October 2017. There were no other corporate proposal announced.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 September 2018 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	2,468	-	2,468
Bankers acceptance	2,920	-	2,920
Hire purchase payables	507	1,001	1,508
Bridging Loan/ Term Loan	164	3,675	3,839
Bonds	25,809	270,639	296,448
Total	<u>31,868</u>	<u>275,315</u>	<u>307,183</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 30/09/2018	Preceding Year Corresponding Quarter 30/09/2017	Current Year To Date 30/09/2018	Preceding Year Corresponding Period 30/09/2017
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(17,783)	2,808	(17,667)	751
Weighted average number of ordinary shares in issue	658,339,134	591,787,626	654,123,665	560,776,898
Basic (loss)/earnings per share (sen)	(2.70)	0.47	(2.70)	0.13
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(17,783)	2,808	(17,667)	751
Weighted average number of ordinary shares in issue	658,339,134	591,787,626	654,123,665	560,776,898
Adjustment for assumed exercise of Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	658,339,134	591,787,626	654,123,665	560,776,898
Diluted (loss)/earnings per share (sen)	(2.70)	0.47	(2.70)	0.13



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2018 RM'000	Preceding Year Corresponding Quarter 30/09/2017 RM'000	Current Year To Date 30/09/2018 RM'000	Preceding Year Corresponding Period 30/09/2017 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Other operation income:				
- (Writeback of) / allowance for impairment	(542)	3,164	(542)	3,164
- Interest Income	(1,006)	(668)	(3,412)	(2,315)
- Gain on disposal of property, plant and equipment	(108)	0	(154)	(53)
Interest Expense	8,341	1,737	20,974	15,619
Depreciation and Amortization	681	964	2,273	2,421
Net Foreign Exchange (Gain) / Loss	1	(98)	9	(94)

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 28 November 2018.