



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year To Date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/3/2018 RM'000
Revenue	14,607	13,217	27,710	28,509
Cost of sales	(3,558)	(4,863)	(7,689)	(10,070)
Gross profit	11,049	8,354	20,021	18,439
Other income	1,025	383	3,190	1,168
Administrative expenses	(5,465)	(5,954)	(10,563)	(10,772)
Other expenses	(826)	236	(1,481)	(1,069)
Finance costs	(5,280)	(3,811)	(10,043)	(7,720)
Share of results in an associate	503	(792)	1,124	46
	-	(281)	-	202
Profit / (loss) before taxation	503	(1,073)	1,124	248
Income tax expense	(17)	(9)	(86)	(98)
Profit / (loss) after taxation	486	(1,082)	1,038	150
Attributable to:				
Owners of the company	(352)	(571)	(579)	116
Non-Controlling Interest	838	(511)	1,617	34
	486	(1,082)	1,038	150
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	486	(1,082)	1,038	150
Total comprehensive profit / (loss) attributable to:				
Owners of the company	(352)	(571)	(579)	116
Non-Controlling Interest	838	(511)	1,617	34
	486	(1,082)	1,038	150
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	(0.05)	(0.09)	(0.09)	0.02
- fully diluted (sen)	(0.05)	(0.09)	(0.09)	0.02

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 2018.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT TO FINANCIAL POSITION

	As At End of Current Quarter 31/03/2019 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/09/2018 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	15,456	14,671
Investment property	16,824	15,818
Goodwill & intangible assets	3,914	1,877
Trade receivables	164,016	167,112
Deferred tax assets	255	255
	200,465	199,733
CURRENT ASSETS		
Inventories held for resale	60,653	61,932
Trade receivables	19,932	26,743
Other receivables, deposits and prepayments	8,617	8,671
Amounts owing by contract customers	475	1,809
Current tax assets	619	455
Fixed deposits with licensed banks	55,169	43,351
Cash and bank balances	45,434	51,191
	190,899	194,152
TOTAL ASSETS	391,364	393,885
EQUITY AND LIABILITIES		
EQUITY		
Share capital	102,333	102,333
Warrant reserve	6,004	6,004
Treasury shares, at cost	(3,249)	(3,249)
Accumulated loss	(42,586)	(41,468)
SHAREHOLDERS' EQUITY	62,502	63,620
Non-controlling interest	(5,331)	(6,948)
TOTAL EQUITY	57,171	56,672
NON-CURRENT LIABILITIES		
Hire purchase payables	695	1,001
Long term borrowings	3,591	3,675
Bonds	274,453	270,639
Deferred tax liabilities	6,249	6,249
TOTAL NON-CURRENT LIABILITIES	284,988	281,564
CURRENT LIABILITIES		
Trade payables	3,087	4,267
Amounts owing to contract customers	-	1,068
Other payables, deposit received and accruals	17,186	15,900
Bonds	25,000	28,170
Provision for taxation	219	289
Hire purchase payables	492	507
Bank overdraft	3,041	2,364
Short term borrowings	180	3,084
TOTAL CURRENT LIABILITIES	49,205	55,649
TOTAL LIABILITIES	334,193	337,213
TOTAL EQUITY AND LIABILITIES	391,364	393,885
NET ASSETS PER SHARE (SEN)	9.49	9.66

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2018.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	←	Non-Distributable	→	Distributable Reserve Accumulated Loss			
	Share Capital	Reserve	Treasury Shares	Loss	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2018 (As restated)	102,333	6,004	(3,249)	(41,468)	63,620	(6,948)	56,672
Acquisition of a subsidiary	-	-	-	(539)	(539)	-	(539)
Total comprehensive loss for the financial period	-	-	-	(579)	(579)	1,617	1,038
At 31 March 2019	<u>102,333</u>	<u>6,004</u>	<u>(3,249)</u>	<u>(42,586)</u>	<u>62,502</u>	<u>(5,331)</u>	<u>57,171</u>
At 1 October 2017	94,244	6,004	(3,249)	(967)	96,032	(17,029)	79,003
Issue of shares	8,202	-	-	-	8,202	-	8,202
Share issuance expenses	(113)	-	-	-	(113)	-	(113)
Total comprehensive loss for the financial period	-	-	-	116	116	34	150
At 31 March 2018	<u>102,333</u>	<u>6,004</u>	<u>(3,249)</u>	<u>(851)</u>	<u>104,237</u>	<u>(16,995)</u>	<u>87,242</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 2018.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	31/3/2019 RM'000	30/9/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	1,124	(11,395)
Adjustments for:-		
Non cash items	(1,649)	(12,115)
Non operating items	8,270	17,562
Operating profit / (loss) before working capital changes	7,745	(5,948)
Net changes in current assets	11,240	15,985
Net changes in current liabilities	372	(4,224)
Cash from operations	19,357	5,813
Interest received	1,773	3,412
Interest paid	(8,974)	(20,974)
Income tax paid	(257)	(263)
Net cash from/ (used in) operating activities	11,899	(12,012)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,269)	(5,469)
Net proceed from disposal of fixed asset	63	204
Repayment from associate	-	966
Net cash used in investing activities	(3,206)	(4,299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	-	8,088
Bond proceed	-	24,409
Repayment of term loan	(68)	(160)
(Repayment) / financing of hire purchase	(321)	255
Net (repayment) / creation of bills payable	(2,920)	1,276
Net cash (used in) / from financing activities	(3,309)	33,868
Net increase in cash and cash equivalents	5,384	17,557
Cash and cash equivalents at beginning of period	92,178	74,621
Cash and cash equivalents at end of period	97,562	92,178
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank	55,169	43,351
Cash and bank balances	45,434	51,191
Bank overdraft	(3,041)	(2,364)
	97,562	92,178

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 2018.



UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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 2018.

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 2018.

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.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 September 2018 except for the adoption of MFRSs, amendments and interpretations that are effective for the annual periods beginning on or after 1 January 2018 which are applicable to the Group including MFRS 15 Revenue from Contracts with Customers. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

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 the quarter under review.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.



A5. Material Changes in Estimates

There were no changes in estimates that had any material effect during the quarter under review and 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 31 March 2019, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 31/3/2019 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 period ended 31 March 2019

31-Mar-2019 RM'000 The Group	System	Investment	Security	Rental	Property	Construction /	Hospitality	Elimination	Group
	Integration	Holding			Development	Concession			
	RM	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE									
External revenue	2,179	120	2,400	431	112	14,525	7,943	-	27,710
Intersegment revenue	-	-	972	114	-	-	-	(1,086)	-
Total revenue	2,179	120	3,372	545	112	14,525	7,943	(1,086)	27,710
RESULTS									
Segment results (external)	(704)	(213)	(1,153)	(24)	(178)	11,449	217	-	9,394
Interest income	-	-	-	-	-	-	-	-	1,773
Finance costs	-	-	-	-	-	-	-	-	(10,043)
Share of results in associate	-	-	-	-	-	-	-	-	-
Profit from ordinary activities before taxation	-	-	-	-	-	-	-	-	1,124
Income tax expense	-	-	-	-	-	-	-	-	(86)
Profit after taxation	-	-	-	-	-	-	-	-	1,038
Non-controlling interest	-	-	-	-	-	-	-	-	(1,617)
Net loss attributable to the owners of the Company	-	-	-	-	-	-	-	-	(579)

Results for the period ended 31 March 2018

31-Mar-2018 RM'000 The Group	System	Investment	Security	Rental	Property	Construction /	Hospitality	Elimination	Group
	Integration	Holding			Development	Concession			
	RM	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE									
External revenue	2,692	120	1,734	383	778	14,538	8,264	-	28,509
Intersegment revenue	-	-	356	180	-	-	-	(536)	-
Total revenue	2,692	120	2,090	563	778	14,538	8,264	(536)	28,509
RESULTS									
Segment results (external)	(7,441)	(491)	754	(27)	160	12,028	1,402	-	6,385
Interest income	-	-	-	-	-	-	-	-	1,381
Finance costs	-	-	-	-	-	-	-	-	(7,720)
Share of results in associate	-	-	-	-	-	-	-	-	202
Profit from ordinary activities before taxation	-	-	-	-	-	-	-	-	248
Income tax expense	-	-	-	-	-	-	-	-	(98)
Profit after taxation	-	-	-	-	-	-	-	-	150
Non-controlling interest	-	-	-	-	-	-	-	-	(34)
Net profit attributable to the owners of the Company	-	-	-	-	-	-	-	-	116



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 29/5/2019
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	<u>522,265</u>
Total	<u>522,265</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 31 March 2019 (YTD Q2 2019), the Group registered revenue of RM27.71 million as compared to RM28.51 million in 31 March 2018 (YTD Q2 2018).

The Group registered profit of RM1.1 million in YTD Q2 2019 as compared to profit before taxation of RM0.2 million in YTD Q2 2018.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM2.18 million for 6 months ended 31 March 2019, which was approximately 7.9% of the total Group revenue. This segment shown decrease in revenue of RM0.51 million from RM2.69 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 RM0.7 million for 6 months ended 31 March 2019 as compared to loss of RM7.44 million in the same period of preceding year due to lower direct cost, rationalisation of expenses and write back of impairment.

The security sector has contributed RM2.4 million in revenue and registered loss before taxation of RM1.15 million for 6 months ended 31 March 2019 as compared to revenue of RM1.73 million and profit before tax of RM0.75 million in the same period of preceding year. The segment contributed 8.7% of the total Group revenue.

The construction / concession sector generated revenue of RM14.53 million for 6 months ended 31 March 2019 which is approximately 52.4% contribution to the total Group revenue. This segment has achieved profit of RM11.45 million. In the same period of preceding year, the sector generated revenue of RM14.54 million and achieved profit of RM 12.03 million.

The hospitality sector has contributed RM7.94 million in revenue and registered profit before taxation of RM0.22 million for 6 months ended 31 March 2019 as compared to revenue of RM8.26 million and profit before tax of RM1.4 million in the same period of preceding year. The segment contributed 28.7% of the total Group revenue.



B2. Variation of Results against Preceding Quarter

	Current Quarter	Preceding Quarter	Difference	
	Ended 31/03/2019 RM'000	Ended 31/12/2018 RM'000	RM'000	%
Revenue	14,607	13,103	1,504	11.48
Profit before taxation	<u>503</u>	<u>621</u>	<u>(118)</u>	<u>(19.00)</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 control 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 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/12/2018 RM'000	Current Year To Date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000
Income tax expense for the period	<u>17</u>	<u>9</u>	<u>86</u>	<u>98</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

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 outstanding corporate proposals made in the current quarter and financial period-to-date.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 31 March 2019 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	3,041	-	3,041
Hire purchase payables	492	695	1,187
Bridging Loan/ Term Loan	180	3,591	3,771
Bonds	25,000	274,453	299,453
Total	<u>28,713</u>	<u>278,739</u>	<u>307,452</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as of the 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 31/03/2019	Preceding Year Corresponding Quarter 31/03/2018	Current Year To Date 31/03/2019	Preceding Year Corresponding Period 31/03/2018
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(352)	(571)	(579)	116
Weighted average number of ordinary shares in issue	658,339,134	631,668,924	658,339,134	631,668,924
Basic (loss)/earnings per share (sen)	<u>(0.05)</u>	<u>(0.09)</u>	<u>(0.09)</u>	<u>0.02</u>
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(352)	(571)	(579)	116
Weighted average number of ordinary shares in issue	658,339,134	631,668,924	658,339,134	631,668,924
Adjustment for assumed exercise of Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>658,339,134</u>	<u>631,668,924</u>	<u>658,339,134</u>	<u>631,668,924</u>
Diluted (loss)/earnings per share (sen)	<u>(0.05)</u>	<u>(0.09)</u>	<u>(0.09)</u>	<u>0.02</u>



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000	Current Year To Date 31/03/2019 RM'000	Preceding Year Corresponding Period 31/03/2018 RM'000
Profit / (loss) before taxation is arrived at after charging/(crediting):				
Other operation (income) / expense:				
- Doubtful debt no longer required	0	0	(1,342)	0
- Allowance for doubtful debt	507	0	689	0
- Interest Income	(1,025)	(646)	(1,773)	(1,381)
- Gain on disposal of property, plant and equipment	0	(28)	(63)	(46)
Interest Expense	4,532	3,841	9,226	7,705
Depreciation and Amortization	826	525	1,481	1,072
Net Foreign Exchange Loss / (Gain)	(2)	(2)	(1)	9

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 29 May 2019.