



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Corresponding Quarter 30/9/2018 RM'000	Current Year To Date 30/9/2019 RM'000	Preceding Year Corresponding Period 30/9/2018 RM'000
Revenue	18,323	14,506	56,643	57,289
Cost of sales	(6,307)	(8,899)	(16,531)	(22,226)
Gross profit	12,016	5,607	40,112	35,063
Other income	3,745	3,077	8,264	5,734
Administrative expenses	(550)	(3,104)	(16,770)	(21,155)
Other expenses	(6,935)	(7,811)	(9,312)	(10,185)
Finance costs	(6,766)	(7,911)	(20,486)	(20,993)
	1,510	(10,142)	1,808	(11,536)
Share of results in an associate	-	(61)	-	141
(Loss)/profit before taxation	1,510	(10,203)	1,808	(11,395)
Income tax expense	(3,168)	(3,900)	(3,274)	(3,524)
(Loss) after taxation	(1,658)	(14,103)	(1,466)	(14,919)
Attributable to:				
Owners of the company	(921)	(16,048)	(3,296)	(17,993)
Non-Controlling Interest	(737)	1,945	1,830	3,074
	(1,658)	(14,103)	(1,466)	(14,919)
Other Comprehensive income:				
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	(1,658)	(14,103)	(1,466)	(14,919)
Total comprehensive (loss)/profit attributable to:				
Owners of the company	(921)	(16,048)	(3,296)	(17,993)
Non-Controlling Interest	(737)	1,945	1,830	3,074
	(1,658)	(14,103)	(1,466)	(14,919)
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	(0.14)	(2.75)	(0.50)	(2.75)
- fully diluted (sen)	(0.14)	(2.75)	(0.50)	(2.75)

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.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT TO FINANCIAL POSITION

	As At End of Current Quarter 30/9/2019 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2018 (Restated) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	80,890	14,671
Investment Property	17,859	15,818
Trade receivables	160,920	167,112
Goodwill & intangible assets	1,246	1,877
Deferred tax assets	-	255
	260,915	199,733
CURRENT ASSETS		
Inventories held for resale	1,135	63,048
Trade receivables	19,008	25,663
Other receivables, deposits and prepayments	17,255	8,683
Amounts owing by contract assets	489	1,809
Current tax assets	522	455
Fixed deposits with licensed banks	38,729	43,351
Cash and bank balances	27,695	51,191
	104,833	194,200
TOTAL ASSETS	365,748	393,933
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	(44,920)	(41,624)
SHAREHOLDERS' EQUITY	60,168	63,464
Non-controlling interest	(5,117)	(6,947)
TOTAL EQUITY	55,051	56,517
NON-CURRENT LIABILITIES		
Hire purchase payables	657	1,001
Long term borrowings	3,530	3,675
Bonds	253,285	270,639
Deferred tax liabilities	9,232	6,249
TOTAL NON-CURRENT LIABILITIES	266,704	281,564
CURRENT LIABILITIES		
Trade payables	3,814	4,267
Amounts owing to contract liabilities	417	1,069
Other payables, deposit received and accruals	15,231	16,102
Bonds	23,070	28,170
Provision for taxation	42	289
Hire purchase payables	310	507
Bank overdraft	945	2,364
Short term borrowings	164	3,084
TOTAL CURRENT LIABILITIES	43,993	55,852
TOTAL LIABILITIES	310,697	337,416
TOTAL EQUITY AND LIABILITIES	365,748	393,933
NET ASSETS PER SHARE (SEN)	0.09	0.10

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 30 SEPTEMBER 2019

	Non-Distributable Reserve		Treasury Shares	Distributable Reserve (Accumulated Loss)		Non-Controlling Interest	Total Equity
	Share Capital	Reserve		Total			
	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)	(41,624)	63,464	(6,947)	56,517
Total comprehensive income for the financial year	-	-	-	(3,296)	(3,296)	1,830	(1,466)
At 30 September 2019	102,333	6,004	(3,249)	(44,920)	60,168	(5,117)	55,051
At 1 October 2017	94,244	6,004	(3,249)	(967)	96,032	(17,029)	79,003
Prior Yr Adj on Retained Profits	-	-	-	(156)	(156)	-	(156)
Issuance of Shares	8,089	-	-	-	8,089	-	8,089
Acquisition of additional equity interest in a subsidiary company	-	-	-	(22,508)	(22,508)	7,008	(15,500)
Total comprehensive income for the financial year	-	-	-	(17,993)	(17,993)	3,074	(14,919)
At 30 September 2018	102,333	6,004	(3,249)	(41,624)	63,464	(6,947)	56,517

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	30/9/2019 RM'000	30/9/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	1,808	(11,395)
Adjustments for:-		
Non cash items	6,929	6,448
Non operating items	(5,108)	(5,840)
Operating profit before working capital changes	3,629	(10,787)
Net changes in current assets	22,147	37,722
Net changes in current liabilities	5,172	(6,121)
Cash from operations	30,948	20,814
Interest paid	(195)	(432)
Income tax paid	(349)	(263)
Net cash (used in) / from operating activities	30,404	20,119
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,715)	(2,495)
Purchase of investment property	(1,296)	(320)
Net proceed from disposal of fixed asset	179	171
Interest received	4,100	3,412
Net placement/(withdrawal) of FD	1,150	(4,049)
Changing of surplus funds placed in FD with licensed banks	8,632	15,596
Advances from/(to) a director	248	(223)
Placement of deposits into Debt Service Reserve Accounts	(5,047)	(992)
Acquisition of additional equity interest in a subsidiary company	-	(15,500)
Net cash (used in) / from investing activities	(2,749)	(4,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	-	8,202
Share issuance expenses	-	(113)
(Repayment of bond)/Bond proceed	(25,000)	18,597
Term loan	(145)	(161)
Interest paid	(21,012)	(14,745)
Financing / (Repayment) of hire purchase	(541)	(532)
Repayment to director	-	(131)
Net drawdown / (repayment) of bills payable	(2,920)	1,276
Net cash from/ (used in) financing activities	(49,618)	12,393
Net increase in cash and cash equivalents	(21,963)	28,112
Cash and cash equivalents at beginning of period	54,122	26,010
Cash and cash equivalents at end of period	32,159	54,122
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank	38,729	43,351
Cash and bank balances	(5,625)	13,135
Bank overdraft	(945)	(2,364)
	32,159	54,122

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 30 SEPTEMBER 2019

A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian 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 2018.

A2. Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 30 September 2018, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee Interpretation (“IC Interpretation”) that are effective for the Group from 1 August 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation does not have significant 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 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 September 2019, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 30/9/2019 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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DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

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 2019

30-Sep-2019 RM'000 The Group	System	Investment	CMS	Rental	Property	Concession	Hospitality	Elimination	Group
	Integration	Holding			Development	Asset			
	RM	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE									
External revenue	4,005	240	2,680	905	-	32,366	16,447	-	56,643
Intersegment revenue	3,316	-	1,737	228	-	-	-	(5,281)	-
Total revenue	7,321	240	4,417	1,133	-	32,366	16,447	(5,281)	56,643
RESULTS									
Segment results (external)	(1,195)	2,344	(2,411)	(1,091)	(379)	22,388	(146)	-	19,510
Interest income	93	1,178	-	-	-	1,512	-	-	2,783
Finance costs	(258)	(5,913)	-	-	-	(14,314)	-	-	(20,485)
Share of results in associate									-
Loss on disposal of investment in associate									-
Profit from ordinary activities before taxation									1,808
Income tax expense									(3,274)
Loss after taxation									(1,466)
Non-controlling interest									(1,830)
Net loss attributable to the owners of the Company									(3,296)

Results for the year ended 30 September 2018

30-Sep-2018 RM'000 The Group	System	Investment	CMS	Rental	Property	Concession	Hospitality	Elimination	Group
	Integration	Holding			Development	Asset			
	RM	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE									
External revenue	7,121	240	3,976	945	(1)	29,399	15,609	-	57,289
Intersegment revenue	28	-	981	356	-	-	-	(1,365)	-
Total revenue	7,149	240	4,957	1,301	(1)	29,399	15,609	(1,365)	57,289
RESULTS									
Segment results (external)	(12,505)	(821)	(3,689)	(901)	(2,007)	23,665	2,559	-	6,301
Interest income	75	545	-	-	-	2,792	-	-	3,412
Finance costs	(266)	(2,691)	-	-	(303)	(17,733)	-	-	(20,993)
Share of results in associate									141
Loss on disposal of investment in associate									(256)
Loss from ordinary activities before taxation									(11,395)
Income tax expense									(3,524)
Profit after taxation									(14,919)
Non-controlling interest									(3,074)
Net profit attributable to the owners of the Company									(17,993)



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 28/11/2019
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	537,265
Total	<u>537,265</u>

A12. Significant Related Party Transactions

There were no significant related party transactions during the quarter under review.

A13. Prior Year Adjustments

During the financial year ended 30 September 2014 and 30 September 2015, the subsidiary company, Seni Pujaan Sdn Bhd has entered into four(4) Sales and Purchase Agreements with four(4) purchasers to sell off four(4) units of studio suite in The Imperial Heritage Hotel Project with total consideration of RM1.2 million. The revenue and related cost of these sales transactions have been recognised progressively throughout the financial year ended 30 September 2014 to 30 September 2016. The Sales and Purchase Agreements executed were subsequently terminated during financial year ended 30 September 2015 to financial year ended 30 September 2017 respectively. However, the termination has not been reflected in the financial statements as of today. Adjustments are made as follows:



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

	As previously stated RM'000	Effects of prior year adjustments RM'000	As restated RM'000
At 30 September 2018			
Statement of Financial Position			
Assets			
Inventories held for resale	61,932	1,116	63,048
Trade receivables	26,743	(1,080)	25,663
	88,675	36	88,711
Equity			
Accumulated losses	(41,468)	(156)	(41,624)
Liabilities			
Other payables and accruals	15,910	192	16,102

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

For the quarter ended 30 September 2019, the Group registered revenue of RM18.32 million as compared to RM14.50 million for the quarter ended 30 September 2018.

The Group registered loss of RM1.66 million for the quarter ended 30 September 2019 as compared to loss after taxation of RM14.10 million for the quarter ended 30 September 2018.

For the 12 months ended 30 September 2019, the Group registered revenue of RM56.64 million as compared to RM57.29 million in the same period of preceding year.

The Group registered loss after taxation of RM1.47 million for 12 months ended 30 September 2019 as compared to loss after taxation of RM14.92 million in the same period of preceding year.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM7.32 million for 12 months ended 30 September 2019, which was approximately 12.92% of the total Group revenue. This segment shown increase in revenue of RM0.17 million from RM7.15 million posted in same period of preceding year. The increase in the revenue was mainly due to completion of the projects within the group. This segment registered loss before taxation of RM1.36 million for 12 months ended 30 September 2019 as compared to loss of RM12.70 million in the same period of preceding year.

The hospitality sector has contributed RM16.45 million in revenue and registered loss before taxation of RM0.15 million for the 12 months ended 30 September 2019 as compared to revenue of RM15.61 million and profit before tax of RM2.56 million in the same period of preceding year. The segment contributed 29.04% of the total Group revenue.

The concession asset sector generated revenue of RM32.37 million for 12 months ended 30 September 2019 which is approximately 57.15% contribution to the total Group revenue. This segment has achieved profit before tax of RM9.57 million. In the same period of preceding year, the sector generated revenue of RM29.40 million and profit before tax of RM8.72 million.

The group loss after tax is due to the high finance cost of RM20.48 partly due to scheduled bond interest, impairment loss write-down and a higher tax provision. Nevertheless, the management is optimistic on the reduction of finance cost and tax provision in future as 30% of the bond principal has been repaid until this quarter ending.



B2. Variation of Results against Preceding Quarter

	Current Quarter	Preceding Quarter	Difference	
	Ended 30/9/2019 RM'000	Ended 30/6/2019 RM'000	RM'000	%
Revenue	18,323	10,610	7,713	73
Profit/(Loss) before taxation	1,510	(825)	2,335	283

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 30/9/2019 RM'000	Preceding Year Corresponding Quarter 30/9/2018 RM'000	Current Year To Date 30/9/2019 RM'000	Preceding Year Corresponding Period 30/9/2018 RM'000
Income tax expense for the period	3,168	3,900	3,274	3,524

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 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

As at 30 September 2019, the Company has 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 2019 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	945	-	945
Hire purchase payables	310	657	967
Bridging Loan/ Term Loan	616	3,530	4,146
Bonds	23,070	253,285	276,355
Total	<u>24,941</u>	<u>257,472</u>	<u>282,413</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 30/9/2019	Preceding Year Corresponding Quarter 30/9/2018	Current Year To Date 30/9/2019	Preceding Year Corresponding Period 30/9/2018
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(921)	(16,048)	(3,296)	(17,993)
Weighted average number of ordinary shares in issue	658,339,134	658,339,134	658,339,134	654,123,665
Basic (loss)/earnings per share (sen)	(0.14)	(2.44)	(0.50)	(2.75)
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(921)	(16,048)	(3,296)	(17,993)
Weighted average number of ordinary shares in issue	658,339,134	658,339,134	658,339,134	654,123,665
Adjustment for assumed exercise of Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	658,339,134	658,339,134	658,339,134	654,123,665
Diluted (loss)/earnings per share (sen)	(0.14)	(2.44)	(0.50)	(2.75)



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Corresponding Quarter 30/9/2018 RM'000	Current Year To Date 30/9/2019 RM'000	Preceding Year Corresponding Period 30/9/2018 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Other operation income:				
- (Writeback of) / allowance for impairment	2,683	(542)	1,435	3,814
- Interest Income	(1,545)	(1,006)	(4,100)	(3,412)
- Gain on disposal of property, plant and equipment	(1)	(108)	(152)	(154)
Interest Expense	8,609	8,341	21,107	17,175
Depreciation and Amortization	4,556	681	6,929	6,193
Impairment losses and bad debt written off	1,090	-	-	179
Net Foreign Exchange (Gain) / Loss	(17)	(1)	(19)	(184)

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 28 November 2019.