



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2019 RM'000	Preceding Year Corresponding Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000
Revenue	14,276	13,103	14,276	13,103
Cost of sales	(4,689)	(4,131)	(4,689)	(4,131)
Gross profit	9,587	8,972	9,587	8,972
Other income	1,561	2,165	1,561	2,165
Administrative expenses	(3,683)	(5,098)	(3,683)	(5,098)
Other expenses	(1,075)	(655)	(1,075)	(655)
Finance costs	(4,865)	(4,763)	(4,865)	(4,763)
	1,525	621	1,525	621
Share of results in an associate	-	-	-	-
Profit before taxation	1,525	621	1,525	621
Income tax expense	-	(69)	-	(69)
Profit after taxation	1,525	552	1,525	552
Attributable to:				
Owners of the company	430	(227)	430	(227)
Non-Controlling Interest	1,095	779	1,095	779
	1,525	552	1,525	552
Other Comprehensive income:				
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	1,525	552	1,525	552
Total comprehensive (loss)/profit attributable to:				
Owners of the company	430	(227)	430	(227)
Non-Controlling Interest	1,095	779	1,095	779
	1,525	552	1,525	552
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	0.07	(0.03)	0.07	(0.03)
- fully diluted (sen)	0.07	(0.03)	0.07	(0.03)

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 2019.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT TO FINANCIAL POSITION

	As At End of Current Quarter 31/12/2019 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2019 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	80,013	81,021
Investment property	17,793	17,859
Goodwill & intangible assets	1,246	1,246
Trade receivables	160,920	160,920
Deferred tax assets	-	-
	259,972	261,046
CURRENT ASSETS		
Inventories held for resale	1,233	1,135
Trade receivables	20,044	18,996
Other receivables, deposits and prepayments	17,437	17,435
Amounts owing by contract customers	489	489
Current tax assets	457	511
Fixed deposits with licensed banks	44,298	38,729
Cash and bank balances	23,472	27,699
	107,430	104,994
TOTAL ASSETS	367,402	366,040
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	(44,043)	(44,473)
SHAREHOLDERS' EQUITY	61,045	60,615
Non-controlling interest	(4,413)	(5,508)
TOTAL EQUITY	56,632	55,107
NON-CURRENT LIABILITIES		
Hire purchase payables	555	657
Long term borrowings	3,492	3,530
Bonds	253,285	253,285
Deferred tax liabilities	9,232	9,232
TOTAL NON-CURRENT LIABILITIES	266,564	266,704
CURRENT LIABILITIES		
Trade payables	4,921	4,086
Amounts owing to contract customers	1,293	1,576
Other payables, deposit received and accruals	13,953	14,036
Bonds	23,070	23,070
Provision for taxation	29	43
Hire purchase payables	310	310
Bank overdraft	466	945
Short term borrowings	164	164
TOTAL CURRENT LIABILITIES	44,206	44,229
TOTAL LIABILITIES	310,770	310,933
TOTAL EQUITY AND LIABILITIES	367,402	366,040
NET ASSETS PER SHARE (SEN)	0.09	0.09

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2019.



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

	← Non-Distributable	→	Distributable Reserve				
	Share Capital	Reserve	Treasury Shares	Retained Profits / (Accumulated Loss)	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2019 (As restated)	102,333	6,004	(3,249)	(44,473)	60,615	(5,508)	55,107
Total comprehensive profit for the financial period	-	-	-	430	430	1,095	1,525
At 31 December 2019	<u>102,333</u>	<u>6,004</u>	<u>(3,249)</u>	<u>(44,043)</u>	<u>61,046</u>	<u>(4,413)</u>	<u>56,632</u>
At 1 October 2018	102,333	6,004	(3,249)	(41,624)	63,464	(6,947)	56,517
Total comprehensive loss for the financial period	-	-	-	(227)	(227)	779	552
At 30 December 2018	<u>102,333</u>	<u>6,004</u>	<u>(3,249)</u>	<u>(41,851)</u>	<u>63,237</u>	<u>(6,168)</u>	<u>57,069</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 2019.

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

	31/12/2019 RM'000	30/9/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	1,525	1,808
Adjustments for:-		
Non cash items	(1,561)	6,929
Non operating items	5,940	(5,108)
Operating profit / (loss) before working capital changes	5,904	3,629
Net changes in current assets	(1,148)	22,147
Net changes in current liabilities	469	5,172
Cash from operations	5,225	30,948
Interest received	172	4,100
Interest paid	(23)	(21,207)
Income tax paid	(99)	(349)
Net cash from/ (used in) operating activities	5,275	13,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1)	(12,011)
Net proceed from disposal of fixed asset	-	179
FD movement	-	9,782
Advances (to) / from director	-	248
Placement of deposits into Debt Service Reserve Accounts	-	(5,047)
Repayment from associate	-	-
Net cash used in investing activities	(1)	(6,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	-	-
Bond proceed	-	(25,000)
Repayment of term loan	(38)	(145)
(Repayment) / financing of hire purchase	(102)	(541)
Net (repayment) / creation of bills payable	-	(2,920)
Net cash (used in) / from financing activities	(140)	(28,606)
Net increase in cash and cash equivalents	5,134	(21,963)
Cash and cash equivalents at beginning of period	32,159	54,122
Cash and cash equivalents at end of period	37,293	32,159
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank	44,298	38,729
Cash and bank balances	(6,539)	(5,625)
Bank overdraft	(466)	(945)
	37,293	32,159

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 2019.



UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

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

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 31 December 2019, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 31/12/2019 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 year ended 31 December 2019

31-Dec-2019	<u>System</u>	<u>Investment</u>			<u>Property</u>	<u>Construction /</u>			
RM'000	<u>Integration</u>	<u>Holding</u>	<u>CMS</u>	<u>Rental</u>	<u>Development</u>	<u>Concession</u>	<u>Hospitality</u>	<u>Elimination</u>	<u>Group</u>
The Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE									
External revenue	178	60	706	206	-	8,620	4,505	-	14,276
Intersegment revenue	-	-	-	53	-	-	-	(53)	-
Total revenue	178	60	706	259	-	8,620	4,505	(53)	14,276
RESULTS									
Segment results (external)	1,004	55	(314)	(32)	23	5,356	18		6,111
Interest income						279			279
Finance costs	(34)					(4,831)			(4,865)
Share of results in associate									-
Profit from ordinary activities before taxation									1,525
Income tax expense									-
Profit after taxation									1,525
Non-controlling interest									(1,095)
Net profit attributable to the owners of the Company									430

Results for the year ended 31 December 2018

31-Dec-2018	<u>System</u>	<u>Investment</u>			<u>Property</u>	<u>Construction /</u>			
RM'000	<u>Integration</u>	<u>Holding</u>	<u>Security</u>	<u>Rental</u>	<u>Development</u>	<u>Concession</u>	<u>Hospitality</u>	<u>Elimination</u>	<u>Group</u>
The Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE									
External revenue	295	260	559	221	112	7,263	4,393	-	13,103
Intersegment revenue	-	-	339	87	-	-	-	(426)	-
Total revenue	295	260	898	308	112	7,263	4,393	(426)	13,103
RESULTS									
Segment results (external)	(333)	(57)	(463)	(161)	(22)	5,484	(11)		4,437
Interest income									947
Finance costs									(4,763)
Share of results in associate									-
Profit from ordinary activities before taxation									621
Income tax expense									(69)
Profit after taxation									552
Non-controlling interest									(779)
Net loss attributable to the owners of the Company									(227)



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 26/2/2020
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 31 December 2019, the Group registered revenue of RM14.28 million as compared to RM13.10 million for the quarter ended 31 December 2018.

The Group registered a profit after tax of RM1.53 million for the quarter ended 31 December 2019 as compared to profits after taxation of RM0.55 million for the quarter ended 31 December 2018.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM0.18 million for 3 months ended 31 December 2019, which was approximately 1.24% of the total Group revenue. This segment shown decrease in revenue of RM0.12 million from RM0.30 million posted in same period of preceding year. The decrease in the revenue was mainly due to completion of the projects within the group. This segment registered profit before taxation of RM0.97 million for 3 months ended 31 December 2019 as compared to loss of RM0.33 million in the same period of preceding year. This is due to impairment of trade receivable no longer needed with extensive recovery efforts with legal means.

The hospitality sector has contributed RM4.51 million in revenue and registered profit before taxation of RM0.02 million for the 3 months ended 31 December 2019 as compared to revenue of RM4.39 million and loss before tax of RM0.01 million in the same period of preceding year. The segment contributed 31.44% of the total Group revenue.

The concession asset sector and construction generated revenue of RM8.62 million for 3 months ended 31 December 2019 which is approximately 60.15% contribution to the total Group revenue. This segment has achieved profit before tax of RM0.80 million. In the same period of preceding year, the sector generated revenue of RM7.26 million and profit before tax of RM5.48 million.

The group's low profit after tax is due to the higher finance cost of RM4.87 attributed by scheduled bond interest and expenses in the concessionaire, segment, impairment losses written down and an increase depreciation expenses attributed by the acquisition of 169 units of hotel apartments. Nevertheless, the management is optimistic on the reduction of finance cost and tax provision in future as 30% of the 280mil bond principal has been repaid until this quarter ending.



B2. Variation of Results against Preceding Quarter

	Current Quarter	Preceding Quarter	Difference	
	Ended	Ended	RM'000	%
	31/12/2019	30/9/2019		
	RM'000	RM'000		
Revenue	14,276	18,323	(4,047)	(22.08)
Profit / (loss) before taxation	1,525	1,510	15	0.99

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 2020 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 31/12/2019 RM'000	Preceding Year Corresponding Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000
Income tax expense for the period	0	69	0	69

No provision was made due to tax losses of certain subsidiaries that were 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 31 December 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 31 December 2019 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	466	-	466
Hire purchase payables	310	555	865
Bridging Loan/ Term Loan	164	3,492	3,656
Bonds	23,070	253,285	276,355
Total	<u>24,010</u>	<u>257,332</u>	<u>281,342</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 31/12/2019	Preceding Year Corresponding Quarter 31/12/2018	Current Year To Date 31/12/2019	Preceding Year Corresponding Period 31/12/2018
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	430	-227	430	-227
Weighted average number of ordinary shares in issue	658,339,134	658,339,134	658,339,134	658,339,134
Basic (loss)/earnings per share (sen)	0.07	(0.03)	0.07	(0.03)
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	430	-227	430	-227
Weighted average number of ordinary shares in issue	658,339,134	658,339,134	658,339,134	658,339,134
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	658,339,134
Diluted (loss)/earnings per share (sen)	0.07	(0.03)	0.07	(0.03)



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Current Year Quarter 31/12/2019 RM'000	Preceding Year Corresponding Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000	
Profit before taxation is arrived at after charging/(crediting):					
Other operation (income)/ expense:					
- Doubtful debt no longer required	(928)	(1,442)	(928)	(1,442)	182
- Allowance for doubtful debt	-	282	-	282	0
- Interest Income	(279)	(947)	(279)	(947)	-748
- Gain on disposal of property, plant and equipment	-	(63)	-	(63)	-63
Interest Expense	4,865	4,694	4,865	4,694	4,694
Depreciation and Amortization	1,074	654	1,074	654	654
Net Foreign Exchange Loss	-	1	-	1	1

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 26 February 2020.