



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 March 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 RM'000
Revenue	15,514	14,607	29,790	27,710
Cost of sales	(3,963)	(3,558)	(8,652)	(7,689)
Gross profit	11,551	11,049	21,138	20,021
Other income	797	1,025	2,358	3,190
Administrative expenses	(3,360)	(5,465)	(7,043)	(10,563)
Other expenses	(2,591)	(826)	(3,666)	(1,481)
Finance costs	(5,817)	(5,280)	(10,682)	(10,043)
	580	503	2,105	1,124
Share of results in an associate	-	-	-	-
Profit / (loss) before taxation	580	503	2,105	1,124
Income tax expense	(74)	(17)	(74)	(86)
Profit / (loss) after taxation	506	486	2,031	1,038
Attributable to:				
Owners of the company	(293)	(352)	137	(579)
Non-Controlling Interest	799	838	1,894	1,617
	506	486	2,031	1,038
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	506	486	2,031	1,038
Total comprehensive profit / (loss) attributable to:				
Owners of the company	(293)	(352)	137	(579)
Non-Controlling Interest	799	838	1,894	1,617
	506	486	2,031	1,038
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	(0.04)	(0.05)	0.02	(0.09)
- fully diluted (sen)	(0.04)	(0.05)	0.02	(0.09)

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)

	As At End of Current Quarter 31/3/2020 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2019 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	90,161	81,021
Investment property	17,773	17,859
Goodwill & intangible assets	993	1,246
Trade receivables	160,920	160,920
Deferred tax assets	-	-
	269,847	261,046
CURRENT ASSETS		
Inventories held for resale	1,204	1,135
Trade receivables	23,299	18,996
Other receivables, deposits and prepayments	14,357	17,435
Amounts owing by contract customers	-	489
Current tax assets	556	511
Fixed deposits with licensed banks	56,112	38,729
Cash and bank balances	7,339	27,699
	102,867	104,994
TOTAL ASSETS	372,714	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	(44,336)	(44,473)
SHAREHOLDERS' EQUITY	60,752	60,615
Non-controlling interest	(3,614)	(5,508)
TOTAL EQUITY	57,138	55,107
NON-CURRENT LIABILITIES		
Hire purchase payables	461	657
Long term borrowings	3,453	3,530
Bonds	253,285	253,285
Deferred tax liabilities	9,232	9,232
TOTAL NON-CURRENT LIABILITIES	266,431	266,704
CURRENT LIABILITIES		
Trade payables	6,206	4,086
Amounts owing to contract customers	616	1,576
Other payables, deposit received and accruals	15,762	14,036
Bonds	23,070	23,070
Provision for taxation	59	42
Hire purchase payables	310	310
Bank overdraft	2,958	945
Short term borrowings	164	164
TOTAL CURRENT LIABILITIES	49,145	44,229
TOTAL LIABILITIES	315,576	310,933
TOTAL EQUITY AND LIABILITIES	372,714	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 MARCH 2020

	←	Non-Distributable	→	Distributable Reserve			
	Share Capital	Reserve	Treasury Shares	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	-	-	-	137	137	1,894	2,031
At 31 March 2020	102,333	6,004	(3,249)	(44,336)	60,752	(3,614)	57,138
At 1 October 2018 (As restated)	102,333	6,004	(3,249)	(41,468)	63,620	(6,948)	56,672
Issue of shares	-	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-	-
Acquisition of additional equity interest in a subsidiary company	-	-	-	(539)	(539)	-	(539)
Acquisition of non-controlling interest	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	(579)	(579)	1,617	1,038
At 31 March 2019	102,333	6,004	(3,249)	(42,586)	62,502	(5,331)	57,171

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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DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	31/3/2020 RM'000 (Unaudited)	30/9/2019 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,105	1,875
Adjustments for:-		
Non cash items	(998)	1,724
Non operating items	(61)	(3,674)
Operating profit / (loss) before working capital change:	1,046	(75)
Net changes in current assets	10,857	31,371
Net changes in current liabilities	3,349	(3,102)
Cash from operations	15,252	28,194
Interest paid	(50)	(195)
Income tax paid	(103)	(289)
Net cash from / (used in) operating activities	15,099	27,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,083	2,783
Acquisition of a subsidiary	-	80
Purchase of property, plant and equipment	(11,520)	(10,122)
Purchase of investment property	-	(1,296)
Net proceed from disposal of fixed asset	-	243
Changing of surplus funds placed in FD with licensed banks	-	(1,714)
Advance to/(from) director	-	223
Placement of deposits into DSRA	(3,318)	(5,046)
Net placement/(withdrawal) of FD	-	1,122
Net cash used in investing activities	(13,755)	(13,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(77)	(145)
Interest paid	(9,257)	(17,741)
Repayment of bonds	-	(25,000)
Transaction cost incurred on bond	(121)	
(Repayment) / financing of hire purchase	(197)	(541)
Advances from a director	-	32
Net (repayment) / creation of bills payable	-	(2,920)
Net cash (used in) / from financing activities	(9,652)	(46,315)
Net increase in cash and cash equivalents	(8,308)	(32,332)
Cash and cash equivalents at beginning of period	21,789	54,121
Cash and cash equivalents at end of period	13,481	21,789
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank		
- available	56,112	38,729
- restricted / pledge	(47,012)	(43,694)
Cash and bank balances	7,339	27,699
Bank overdraft	(2,958)	(945)
	13,481	21,789

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 MARCH 2020

A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 2019, 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 was no share buy-back or treasury shares cancelled by the Company in the current financial quarter. As at 31 March 2020, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 31/3/2020 RM'000
Balance as at 1 October 2019	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 March 2020

31-Mar-2020 RM'000 The Group	System	Investment	CMS RM	Rental RM	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration RM	Holding RM			Development RM	Concession RM			
REVENUE									
External revenue	3,494	60	1,701	30	-	17,131	7,374	-	29,790
Intersegment revenue	-	-	-	32	-	-	-	(32)	-
Total revenue	3,494	60	1,701	62	-	17,131	7,374	(32)	29,790
RESULTS									
Segment results (external)	(243)	(272)	(565)	(311)	(304)	13,477	(79)		11,704
Interest income									1,083
Finance costs									(10,682)
Share of results in associate									-
Profit from ordinary activities before taxation									2,105
Income tax expense									(74)
Profit after taxation									2,031
Non-controlling interest									(1,894)
Net profit attributable to the owners of the Company									137

Results for the year ended 31 March 2019

31-Mar-2019 RM'000 The Group	System	Investment	Security RM	Rental RM	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration RM	Holding RM			Development RM	Concession 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)



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 23/6/2020
Contingent Liabilities :	RM
Unsecured :	
Guarantee given to a subsidiary's supplier for credit facility	115,000
Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	190,641
Total	<u>305,641</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 2020, the Group registered revenue of RM29.79 million as compared to RM27.71 million for the quarter ended 31 March 2019.

The Group registered a year-to-date profit after tax of RM2.03 million for the quarter ended 31 March 2020 which is approximately 6.82% of total group revenue as compared to profits after taxation of RM1.04 million representing 3.75% of total group revenue for the quarter ended 31 March 2019.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM3.49 million for 6 months ended 31 March 2020, which was approximately 11.73% of the total Group revenue. This segment shown increase in revenue of RM1.31 million from RM2.18 million posted in same period of preceding year. The increase in the revenue was mainly due new projects with private education institution. This segment registered loss before taxation of RM0.24 million for 6 months ended 31 March 2020 as compared to loss of RM0.70 million in the same period of preceding year. The loss is also attributed by impairment of trade receivable due to discounts given on extensive recovery efforts with legal means.

The hospitality sector has contributed RM7.37 million in revenue and registered loss before taxation of RM0.08 million for the 6 months ended 31 March 2020 as compared to revenue of RM7.94 million and profit before tax of RM0.22 million in the same period of preceding year. The segment contributed 24.75% of the total Group revenue.

The concession asset sector and construction generated revenue of RM17.13 million for 6 months ended 31 March 2020 which is approximately 57.51% contribution to the total Group revenue. This segment has achieved the highest EBITA within the group of RM13.48 million. In the same period of preceding year, the sector generated revenue of RM14.53 million and EBITA of RM11.45 million.

The group's low profit after tax is due to the higher finance cost of RM10.68 million 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 31/3/2020 RM'000	Ended 31/3/2019 RM'000	RM'000	%
Revenue	15,514	14,607	907	6.21
Profit before taxation	580	503	77	15.31

B3. Prospects

Despite the challenging business and economic environment in the country, the group is increasing its on-going efforts with generating “new” ancillary 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 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year Corresponding Period 31/3/2019 RM'000
Income tax expense for the period	74	17	74	86

The effective tax rate was higher than the statutory tax rate 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

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 2020 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	2,958	-	2,958
Hire purchase payables	310	461	771
Bridging Loan/ Term Loan	164	3,453	3,617
Bonds	23,070	253,285	276,355
Total	<u>26,502</u>	<u>257,199</u>	<u>283,701</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 31/3/2020	Preceding Year Corresponding Quarter 31/3/2019	Current Year To Date 31/3/2020	Preceding Year Corresponding Period 31/3/2019
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(293)	(352)	137	(579)
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)	<u>(0.04)</u>	<u>(0.05)</u>	<u>0.02</u>	<u>(0.09)</u>
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(293)	(352)	137	(579)
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	<u>658,339,134</u>	<u>658,339,134</u>	<u>658,339,134</u>	<u>658,339,134</u>
Diluted (loss)/earnings per share (sen)	(0.04)	(0.05)	0.02	(0.09)



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Preceding		Preceding	
	Year		Year	
	Current Year	Corresponding	Current Year	Corresponding
Quarter	Quarter	To Date	Period	
31/3/2020	31/3/2019	31/3/2020	31/3/2019	
RM'000	RM'000	RM'000	RM'000	
Profit / (loss) before taxation is arrived at after charging / (crediting):				
Other operation (income) / expense:				
- Doubtful debt no longer required	(347)	-	(1,275)	(1,342)
- Allowance for doubtful debt	837	507	837	689
- Interest Income	(804)	(1,025)	(1,083)	(1,773)
- Gain on disposal of property, plant and equipment	-	-	-	(63)
Interest Expense	5,817	4,532	10,682	9,226
Depreciation and Amortization	1,755	826	2,829	1,481
Net Foreign Exchange Loss / (Gain)	-	(2)	-	(1)

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 24 June 2020.