



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 June 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 RM'000
Revenue	8,952	10,610	38,742	38,320
Cost of sales	(2,043)	(2,535)	(10,695)	(10,224)
Gross profit	6,909	8,075	28,047	28,096
Other income	1,586	1,329	3,944	4,519
Administrative expenses	(2,770)	(5,657)	(9,813)	(16,220)
Other expenses	(2,314)	(896)	(5,980)	(2,377)
Finance costs	(3,059)	(3,677)	(13,741)	(13,720)
	352	(826)	2,457	298
Share of results in an associate	-	-	-	-
Profit / (loss) before taxation	352	(826)	2,457	298
Income tax expense	59	(20)	(15)	(106)
Profit / (loss) after taxation	411	(846)	2,442	192
Attributable to:				
Owners of the company	(772)	(1,796)	(635)	(2,375)
Non-Controlling Interest	1,183	950	3,077	2,567
	411	(846)	2,442	192
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	411	(846)	2,442	192
Total comprehensive profit / (loss) attributable to:				
Owners of the company	(772)	(1,796)	(635)	(2,375)
Non-Controlling Interest	1,183	950	3,077	2,567
	411	(846)	2,442	192
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	(0.10)	(0.27)	(0.08)	(0.36)
- fully diluted (sen)	(0.10)	(0.27)	(0.08)	(0.36)

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 30/6/2020 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2019 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	87,834	81,021
Investment property	17,387	17,859
Goodwill & intangible assets	993	1,246
Trade receivables	160,960	160,920
Deferred tax assets	-	-
	267,174	261,046
CURRENT ASSETS		
Inventories held for resale	2,289	1,135
Property development cost	235	-
Trade receivables	19,942	18,996
Other receivables, deposits and prepayments	12,918	17,435
Amounts owing by contract customers	-	489
Current tax assets	556	511
Fixed deposits with licensed banks	65,219	38,729
Cash and bank balances	8,742	27,699
	109,901	104,994
TOTAL ASSETS	377,075	366,040
EQUITY AND LIABILITIES		
EQUITY		
Share capital	104,937	102,333
Warrant reserve	6,004	6,004
Treasury shares, at cost	(3,249)	(3,249)
Accumulated loss	(45,108)	(44,473)
SHAREHOLDERS' EQUITY	62,584	60,615
Non-controlling interest	(2,431)	(5,508)
TOTAL EQUITY	60,153	55,107
NON-CURRENT LIABILITIES		
Hire purchase payables	461	657
Long term borrowings	3,404	3,530
Bonds	257,054	253,285
Deferred tax liabilities	9,232	9,232
TOTAL NON-CURRENT LIABILITIES	270,151	266,704
CURRENT LIABILITIES		
Trade payables	6,635	4,086
Amounts owing to contract customers	701	1,576
Other payables, deposit received and accruals	13,961	14,036
Bonds	23,070	23,070
Provision for taxation	(63)	42
Hire purchase payables	299	310
Bank overdraft	2,004	945
Short term borrowings	164	164
TOTAL CURRENT LIABILITIES	46,771	44,229
TOTAL LIABILITIES	316,922	310,933
TOTAL EQUITY AND LIABILITIES	377,075	366,040
NET ASSETS PER SHARE (SEN)	0.08	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.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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
Issuance of Shares	2,604	-	-	-	2,604		2,604
Total comprehensive profit for the financial period	-	-	-	(635)	(635)	3,077	2,442
At 30 June 2020	104,937	6,004	(3,249)	(45,108)	62,584	(2,431)	60,153
At 1 October 2018 (As restated)	102,333	6,004	(3,249)	(41,468)	63,620	(6,947)	56,673
Acquisition of additional equity interest in a subsidiary company	-	-	-	(539)	(539)	-	(539)
Total comprehensive loss for the financial period	-	-	-	(1,836)	(1,836)	2,567	731
At 30 June 2019	102,333	6,004	(3,249)	(43,843)	61,245	(4,380)	56,865

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 30 JUNE 2020

	30/6/2020 (Unaudited) RM'000	30/9/2019 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,457	1,875
Adjustments for:-		
Non cash items	(46)	1,724
Non operating items	(661)	(3,674)
Operating profit / (loss) before working capital changes	1,750	(75)
Net changes in current assets	19,823	31,371
Net changes in current liabilities	2,089	(3,102)
Cash from operations	23,662	28,194
Interest paid	(85)	(195)
Income tax paid	(165)	(289)
Net cash from / (used in) operating activities	23,412	27,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,567	2,783
Acquisition of a subsidiary	-	80
Purchase of property, plant and equipment	(10,420)	(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	(7,608)	(1,714)
Advance to/(from) director	-	223
Placement of deposits into Debt Service Reserve Accounts	(752)	(5,046)
Net placement/(withdrawal) of FD	-	1,122
Net cash used in investing activities	(17,213)	(13,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	2,604	-
Repayment of term loan	(126)	(145)
Interest paid	(10,108)	(17,741)
Repayment of bonds	-	(25,000)
Transaction cost incurred on bond	(247)	-
(Repayment) / financing of hire purchase	(208)	(541)
Advances from a director	-	32
Net (repayment) / creation of bills payable	-	(2,920)
Net cash (used in) / from financing activities	(8,085)	(46,315)
Net increase in cash and cash equivalents	(1,886)	(32,332)
Cash and cash equivalents at beginning of period	21,789	54,121
Cash and cash equivalents at end of period	19,903	21,789
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank		
- available	65,219	38,729
- restricted / pledge	(52,054)	(43,694)
Cash and bank balances	8,742	27,699
Bank overdraft	(2,004)	(945)
	19,903	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 30 JUNE 2020

A. EXPLANATORY NOTES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 30 June 2020, the number of treasury shares repurchased and held are as follow:

	Number of shares	As at 30/6/2020 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 30 June 2020

30-Jun-2020 RM'000 The Group	System	Investment	CMS RM	Rental	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration RM	Holding RM		Rental RM	Development RM	Concession RM			
REVENUE									
External revenue	2,995	182	2,172	42	-	24,268	9,083	-	38,742
Intersegment revenue	-	-	-	39	-	-	-	(39)	-
Total revenue	2,995	182	2,172	81	-	24,268	9,083	(39)	38,742
RESULTS									
Segment results (external)	(1,341)	(190)	(996)	(219)	(87)	18,501	(1,037)		14,631
Interest income									1,567
Finance costs									(13,741)
Share of results in associate									-
Profit from ordinary activities before taxation									2,457
Income tax expense									(15)
Profit after taxation									2,442
Non-controlling interest									(3,077)
Net profit attributable to the owners of the Company									(635)

Results for the year ended 30 June 2019

30-Jun-2019 RM'000 The Group	System	Investment	Security RM	Rental	Property	Construction /	Hospitality RM	Elimination RM	Group RM
	Integration RM	Holding RM		Rental RM	Development RM	Concession RM			
REVENUE									
External revenue	2,150	180	1,762	637	112	21,788	11,691	-	38,320
Intersegment revenue	-	-	2,222	171	-	-	-	(2,393)	-
Total revenue	2,150	180	3,984	808	112	21,788	11,691	(2,393)	38,320
RESULTS									
Segment results (external)	(2,170)	(498)	(3,118)	(151)	(483)	17,529	355		11,464
Interest income									2,555
Finance costs									(13,720)
Share of results in associate									-
Profit from ordinary activities before taxation									299
Income tax expense									(106)
Profit after taxation									193
Non-controlling interest									(2,567)
Net loss attributable to the owners of the Company									(2,374)



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 26/8/2020
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 30 June 2020, the Group registered revenue of RM38.74 million as compared to RM38.32 million for the quarter ended 30 June 2019.

The Group registered a year-to-date profit after tax of RM2.44 million for the quarter ended 30 June 2020 which is approximately 6.30% of total group revenue as compared to profits after taxation of RM0.19 million representing 0.50% of total group revenue for the quarter ended 30 June 2019.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM3.00 million for 9 months ended 30 June 2020, which was approximately 7.73% of the total Group revenue. This segment shown increase in revenue of RM0.85 million from RM2.15 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 RM1.34 million for 9 months ended 30 June 2020 as compared to loss of RM2.17 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 RM9.08 million in revenue and registered loss before taxation of RM1.04 million for the 9 months ended 30 June 2020 as compared to revenue of RM11.69 million and profit before tax of RM0.36 million in the same period of preceding year. The segment contributed 23.44% of the total Group revenue.

The concession asset sector and construction generated revenue of RM24.27 million for 9 months ended 30 June 2020 which is approximately 62.64% contribution to the total Group revenue. This segment has achieved the highest EBITA within the group of RM18.50 million. In the same period of preceding year, the sector generated revenue of RM21.79 million and EBITA of RM17.53 million.

The group's low profit after tax is due to the higher finance cost of RM13.74 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 30/6/2020 RM'000	Ended 30/6/2019 RM'000	RM'000	%
Revenue	8,952	10,610	(1,658)	(15.63)
Profit before taxation	<u>352</u>	<u>(826)</u>	<u>1,178</u>	<u>(142.62)</u>

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 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year Corresponding Period 30/6/2019 RM'000
Income tax expense for the period	<u>59</u>	<u>20</u>	<u>(15)</u>	<u>106</u>

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 30 June 2020 consist of the following:-

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured:-			
Bank overdraft	2,004	-	2,004
Hire purchase payables	299	461	760
Bridging Loan/ Term Loan	164	3,404	3,568
Bonds	23,070	257,054	280,124
Total	<u>25,537</u>	<u>260,919</u>	<u>286,456</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.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

B12. Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/6/2020	Preceding Year Corresponding Quarter 30/6/2019	Current Year To Date 30/6/2020	Preceding Year Corresponding Period 30/6/2019
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(772)	(1,796)	(635)	(2,375)
Weighted average number of ordinary shares in issue	788,532,399	658,339,134	788,532,399	658,339,134
Basic (loss)/earnings per share (sen)	<u>(0.10)</u>	<u>(0.27)</u>	<u>(0.08)</u>	<u>(0.36)</u>
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(772)	(1,796)	(635)	(2,375)
Weighted average number of ordinary shares in issue	788,532,399	658,339,134	788,532,399	658,339,134
Adjustment for assumed exercise of Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>788,532,399</u>	<u>658,339,134</u>	<u>788,532,399</u>	<u>658,339,134</u>
Diluted (loss)/earnings per share (sen)	<u>(0.10)</u>	<u>(0.27)</u>	<u>(0.08)</u>	<u>(0.36)</u>



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	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	(1,020)	(819)	(2,295)	(1,736)
- Allowance for doubtful debt	1,355	224	2,192	488
- Interest Income	(484)	(782)	(1,567)	(2,555)
- Gain on disposal of property, plant and equipment	(82)	(88)	(82)	(151)
Interest Expense	3,059	3,272	13,741	12,498
Depreciation and Amortization	959	892	3,788	2,373
Net Foreign Exchange Loss / (Gain)	-	(1)	-	(2)

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 27 August 2020.