



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2020 RM'000	Preceding Year Corresponding Quarter 30/9/2019 RM'000	Current Year To Date 30/9/2020 RM'000	Preceding Year Corresponding Period 30/9/2019 RM'000
Revenue	10,625	18,451	49,367	56,771
Cost of sales	(5,047)	(6,528)	(15,742)	(16,752)
Gross profit	5,578	11,923	33,625	40,019
Other income	(786)	3,745	3,158	8,264
Administrative expenses	(4,897)	(262)	(14,710)	(16,482)
Other expenses	4,195	(8,795)	(1,785)	(11,172)
Finance costs	(5,247)	(7,205)	(18,988)	(20,925)
	(1,157)	(594)	1,300	(296)
Share of results in an associate	-	-	-	-
Profit / (loss) before taxation	(1,157)	(594)	1,300	(296)
Income tax expense	(2,319)	(3,179)	(2,334)	(3,285)
Profit / (loss) after taxation	(3,476)	(3,773)	(1,034)	(3,581)
Attributable to:				
Owners of the company	(1,868)	(2,645)	(2,503)	(5,020)
Non-Controlling Interest	(1,608)	(1,128)	1,469	1,439
	(3,476)	(3,773)	(1,034)	(3,581)
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	(3,476)	(3,773)	(1,034)	(3,581)
Total comprehensive profit / (loss) attributable to:				
Owners of the company	(1,868)	(2,645)	(2,503)	(5,020)
Non-Controlling Interest	(1,608)	(1,128)	1,469	1,439
	(3,476)	(3,773)	(1,034)	(3,581)
(Loss)/earnings per share attributable to owners of the company:				
- basic (sen)	(0.24)	(0.40)	(0.32)	(0.76)
- fully diluted (sen)	(0.24)	(0.40)	(0.32)	(0.76)

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 30/9/2020 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2019 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	86,603	81,021
Investment property	17,459	17,859
Goodwill & intangible assets	993	1,246
Trade receivables	160,920	160,920
	265,975	261,046
CURRENT ASSETS		
Inventories held for resale	2,314	1,135
Property development cost	-	-
Trade receivables	16,308	17,864
Other receivables, deposits and prepayments	5,498	16,835
Amounts owing by contract customers	97	489
Current tax assets	354	511
Fixed deposits with licensed banks	46,291	38,729
Cash and bank balances	11,910	27,699
	82,772	103,262
TOTAL ASSETS	348,747	364,308
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	(49,147)	(46,644)
SHAREHOLDERS' EQUITY	58,545	58,444
Non-controlling interest	(4,039)	(5,508)
TOTAL EQUITY	54,506	52,936
NON-CURRENT LIABILITIES		
Hire purchase payables	-	657
Lease Liability	551	-
Long term borrowings	3,261	3,530
Bonds	212,525	253,724
Deferred tax liabilities	11,348	9,232
TOTAL NON-CURRENT LIABILITIES	227,685	267,143
CURRENT LIABILITIES		
Trade payables	2,921	4,086
Amounts owing to contract customers	-	1,576
Other payables, deposit received and accruals	17,650	14,036
Bonds	43,657	23,070
Provision for taxation	50	42
Hire purchase payables	-	310
Lease Liability	257	-
Bank overdraft	1,759	945
Short term borrowings	262	164
TOTAL CURRENT LIABILITIES	66,556	44,229
TOTAL LIABILITIES	294,241	311,372
TOTAL EQUITY AND LIABILITIES	348,747	364,308
NET ASSETS PER SHARE (SEN)	0.07	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 SEPTEMBER 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)	(46,644)	58,444	(5,508)	52,936
Issuance of Shares	2,604	-	-	-	2,604		2,604
Total comprehensive profit for the financial period	-	-	-	(2,503)	(2,503)	1,469	(1,034)
At 30 September 2020	104,937	6,004	(3,249)	(49,147)	58,545	(4,039)	54,506
At 1 October 2018 (As restated)	102,333	6,004	(3,249)	(41,624)	63,464	(6,947)	56,517
Total comprehensive loss for the financial period	-	-	-	(5,020)	(5,020)	1,439	(3,581)
At 30 September 2019	102,333	6,004	(3,249)	(46,644)	58,444	(5,508)	52,936

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 SEPTEMBER 2020

	30/9/2020 (Unaudited) RM'000	30/9/2019 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	1,300	(296)
Adjustments for:-		
Non cash items	704	1,723
Non operating items	(6,045)	(3,673)
Operating profit / (loss) before working capital changes	(4,041)	(2,246)
Net changes in current assets	40,289	33,103
Net changes in current liabilities	1,265	(3,102)
Cash from operations	37,513	27,755
Interest paid	(124)	(195)
Income tax paid	(55)	(289)
Net cash from / (used in) operating activities	37,334	27,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,578	2,783
Acquisition of a subsidiary	-	80
Purchase of property, plant and equipment	(10,520)	(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 Debt Service Reserve Accounts	(752)	(5,046)
Net placement/(withdrawal) of FD	-	1,122
Net cash used in investing activities	(9,694)	(13,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	2,604	-
Repayment of term loan	(171)	(145)
Interest paid	(19,624)	(17,302)
Repayment of bonds	(20,000)	(25,000)
Transaction cost incurred on bond	-	-
(Repayment) / financing of hire purchase	(243)	(541)
Advances from a director	-	32
Net (repayment) / creation of bills payable	-	(2,920)
Net cash (used in) / from financing activities	(37,434)	(45,876)
Net increase in cash and cash equivalents	(9,794)	(32,332)
Cash and cash equivalents at beginning of period	21,789	54,121
Cash and cash equivalents at end of period	11,995	21,789
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank		
- available	46,291	38,729
- restricted / pledge	(44,447)	(43,694)
Cash and bank balances	11,910	27,699
Bank overdraft	(1,759)	(945)
	11,995	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 SEPTEMBER 2020

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

	Number of shares	30/9/2020 RM'000
Balance as at 1 October	7,372,808	3,249
Repurchased	-	-
Total treasury shares held	7,372,808	3,249

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 September 2020

30-Sep-2020 RM'000 The Group	System <u>Integration</u> RM	Investment <u>Holding</u> RM	<u>CMS</u> RM	<u>Rental</u> RM	Property <u>Development</u> RM	Construction / <u>Concession</u> RM	<u>Hospitality</u> RM	<u>Elimination</u> RM	<u>Group</u> RM
REVENUE									
External revenue	5,113	243	3,050	59	-	28,419	12,483	-	49,367
Intersegment revenue	-	-	-	51	-	-	-	(51)	-
Total revenue	5,113	243	3,050	110	-	28,419	12,483	(51)	49,367
RESULTS									
Segment results (external)	2,162	(438)	(848)	(204)	712	19,100	(2,017)		18,467
Interest income									1,821
Finance costs									(18,988)
Share of results in associate									-
Profit from ordinary activities before taxation									1,300
Income tax expense									(2,334)
Profit after taxation									(1,034)
Non-controlling interest									(1,469)
Net profit attributable to the owners of the Company									<u>(2,503)</u>

Results for the year ended 30 September 2019

30-Sep-2019 RM'000 The Group	System <u>Integration</u> RM	Investment <u>Holding</u> RM	<u>CMS</u> RM	<u>Rental</u> RM	Property <u>Development</u> RM	Construction / <u>Concession</u> RM	<u>Hospitality</u> RM	<u>Elimination</u> RM	<u>Group</u> RM
REVENUE									
External revenue	3,892	240	2,808	905	-	32,366	16,560	-	56,771
Intersegment revenue	3,316	-	1,609	228	-	-	-	(5,281)	-
Total revenue	7,208	240	4,417	1,133	-	32,366	16,560	(5,281)	56,771
RESULTS									
Segment results (external)	(2,395)	2,344	(2,411)	(1,623)	(379)	22,456	(146)		17,846
Interest income									2,783
Finance costs									(20,925)
Share of results in associate									-
Profit from ordinary activities before taxation									(296)
Income tax expense									(3,285)
Profit after taxation									(3,581)
Non-controlling interest									(1,439)
Net loss attributable to the owners of the Company									<u>(5,020)</u>



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 25/11/2020
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 September 2020, the Group registered revenue of RM49.37 million as compared to RM56.77 million for the quarter ended 30 September 2019.

The Group registered a year-to-date loss after tax of RM1.03 million for the quarter ended 30 September 2020 which is approximately 2.09% of total group revenue as compared to loss after taxation of RM3.58 million representing 6.31% of total group revenue for the quarter ended 30 September 2019.

The business segment in the system integration (which including maintenance and trading) generated revenue of RM5.11 million for 12 months ended 30 September 2020, which was approximately 10.36% of the total Group revenue. This segment shown decrease in revenue of RM2.10 million from RM7.21 million posted in same period of preceding year due to the completion of JKR project in the preceding year. This segment registered profit before interest and taxation of RM2.16 million for 12 months ended 30 September 2020 as compared to loss of RM2.40 million in the same period of preceding year. The profit is also attributed by the recovery from impairment of trade receivable.

The hospitality sector has contributed RM12.48 million in revenue and registered loss before taxation of RM2.02 million for the 12 months ended 30 September 2020 as compared to revenue of RM16.56 million and loss before tax of RM0.15 million in the same period of preceding year. The segment contributed 25.29% of the total Group revenue.

The concession asset sector and construction generated revenue of RM28.42 million for 12 months ended 30 September 2020 which is approximately 57.57% contribution to the total Group revenue. This segment has achieved the highest EBITA within the group of RM19.10 million. In the same period of preceding year, the sector generated revenue of RM32.37 million and EBITA of RM22.46 million.

The group's low profit after tax is due to the higher finance cost of RM18.99 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 37% 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 30/9/2020 RM'000	Ended 30/9/2019 RM'000	RM'000	%
Revenue	10,625	18,451	(7,826)	(42.42)
Profit before taxation	<u>(1,157)</u>	<u>(594)</u>	<u>(563)</u>	94.78

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 30/9/2020 RM'000	Preceding Year Corresponding Quarter 30/9/2019 RM'000	Current Year To Date 30/9/2020 RM'000	Preceding Year Corresponding Period 30/9/2019 RM'000
Income tax expense for the period	<u>(2,319)</u>	<u>(3,179)</u>	<u>(2,334)</u>	<u>(3,285)</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 September 2020 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	1,759	-	1,759
Hire purchase payables	-	-	-
Lease Liability	257	551	
Bridging Loan/ Term Loan	262	3,261	3,523
Bonds	43,657	212,525	256,182
Total	<u>45,935</u>	<u>216,337</u>	<u>261,464</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

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B12. Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2020	Preceding Year Corresponding Quarter 30/9/2019	Current Year To Date 30/9/2020	Preceding Year Corresponding Period 30/9/2019
(a) Basic Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(1,868)	(1,445)	(2,503)	(5,020)
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>(0.24)</u>	<u>(0.22)</u>	<u>(0.32)</u>	<u>(0.76)</u>
(b) Diluted Earnings Per Share				
Net loss/(profit) attributable to members of the Company (RM'000)	(1,868)	(1,445)	(2,503)	(5,020)
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>(0.24)</u>	<u>(0.22)</u>	<u>(0.32)</u>	<u>(0.76)</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
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) before taxation is arrived at after charging / (crediting):				
Other operation (income) / expense:				
- (Writeback of) / allowance for impairment	-	(2,267)	-	(2,267)
- Doubtful debt no longer required	1,196	1,736	(1,099)	-
- Allowance for doubtful debt	(5,651)	(488)	(3,459)	-
- Interest Income	(254)	(228)	(1,821)	(2,783)
- Gain on disposal of property, plant and equipment	(156)	(65)	(238)	(216)
Interest Expense	5,247	7,988	18,988	20,925
Depreciation and Amortization	1,456	3,729	5,244	6,102
Impairment losses and bad debt written off on receival	-	1,090	-	1,090
Net Foreign Exchange Loss / (Gain)	-	(17)	-	(19)

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 25 November 2020.