



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/6/2022 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/6/2021 (Unaudited) RM'000	Current Year To Date 30/6/2022 (Unaudited) RM'000	Preceding Year Corresponding Period 30/6/2021 (Unaudited) RM'000
Revenue	6,354	3,046	16,808	9,303
Cost of sales	(3,706)	(2,338)	(9,436)	(4,715)
Gross profit	2,648	708	7,372	4,588
Other income	5,982	5,698	18,395	18,983
Administrative expenses	(4,153)	(2,610)	(11,592)	(9,359)
Other expenses	(1,079)	(1,388)	(3,438)	(6,992)
Finance costs	(4,218)	(4,087)	(12,694)	(13,374)
	(820)	(1,679)	(1,957)	(6,154)
Share of results in an associate	-	-	-	-
Loss before taxation	(820)	(1,679)	(1,957)	(6,154)
Income tax expense	0	(27)	0	(112)
Loss after taxation	(820)	(1,706)	(1,957)	(6,266)
Attributable to:				
Owners of the company	(1,196)	(2,178)	(3,158)	(8,005)
Non-Controlling Interest	376	472	1,201	1,739
	(820)	(1,706)	(1,957)	(6,266)
Other Comprehensive income:				
Changes in fair value of available-for-sale investments	-	-	-	-
Effects of foreign exchange differences	-	-	-	-
Total for the quarter / cumulative quarter	(820)	(1,706)	(1,957)	(6,266)
Total comprehensive (loss) / profit attributable to:				
Owners of the company	(1,196)	(2,178)	(3,158)	(8,005)
Non-Controlling Interest	376	472	1,201	1,739
	(820)	(1,706)	(1,957)	(6,266)
Loss per share attributable to owners of the company:				
- basic (sen)	(0.16)	(0.36)	(0.44)	(1.31)
- fully diluted (sen)	(0.16)	(0.36)	(0.44)	(1.31)

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 2021.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	As At End of Current Quarter 30/6/2022 (Unaudited) RM'000	As At Preceding Financial Year Ended 30/9/2021 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,524	5,784
Investment property	24,423	24,531
Right-of-use assets	71,520	72,995
Goodwill & intangible assets	472	635
Trade receivables	145,800	145,800
	246,739	249,745
CURRENT ASSETS		
Inventories held for resale	1,710	1,669
Property development cost	44	-
Trade receivables	13,101	18,898
Other receivables, deposits and prepayments	6,957	4,588
Contract assets	1,531	-
Current tax assets	399	137
Fixed deposits with licensed banks	59,652	44,413
Cash and bank balances	13,131	18,217
	96,525	87,922
TOTAL ASSETS	343,264	337,667
EQUITY AND LIABILITIES		
EQUITY		
Share capital	117,956	117,956
Warrant reserve	6,004	6,004
Treasury shares, at cost	(3,249)	(3,249)
Accumulated loss	(57,701)	(54,543)
SHAREHOLDERS' EQUITY	63,010	66,168
Non-controlling interest	(3,543)	(4,744)
TOTAL EQUITY	59,467	61,424
NON-CURRENT LIABILITIES		
Lease Liability	50	250
Long term borrowings	4,018	3,003
Bonds	221,868	219,390
Deferred tax liabilities	10,767	10,767
TOTAL NON-CURRENT LIABILITIES	236,703	233,410
CURRENT LIABILITIES		
Trade payables	2,605	2,991
Contract liabilities	666	1,169
Other payables, deposit received and accruals	17,522	14,197
Bonds	22,518	21,250
Provision for taxation	-	6
Lease Liability	288	270
Bank overdraft	3,055	1,759
Short term borrowings	440	1,191
TOTAL CURRENT LIABILITIES	47,094	42,833
TOTAL LIABILITIES	283,797	276,243
TOTAL EQUITY AND LIABILITIES	343,264	337,667
NET ASSETS PER SHARE (SEN)	0.18	0.08

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2021.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022

	← Non-Distributable Reserve →				Distributable Reserve	Total	Non-Controlling Interest	Total Equity
	Share Capital	Reserve	Discount On Share	Treasury Shares	Accumulated Loss			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2021	117,956	11,479	(5,475)	(3,249)	(54,543)	66,168	(4,744)	61,424
Total comprehensive loss for the financial period	-	-	-	-	(3,158)	(3,158)	1,201	(1,957)
At 30 June 2022	117,956	11,479	(5,475)	(3,249)	(57,701)	63,010	(3,543)	59,467
At 1 October 2020	104,937	6,004	-	(3,249)	(47,223)	60,469	(3,765)	56,704
Acquisition of non-controlling interest	-	-	-	-	798	798	(100)	698
Total comprehensive loss for the financial period	-	-	-	-	(8,005)	(8,005)	1,739	(6,266)
At 30 June 2021	104,937	6,004	-	(3,249)	(54,430)	53,262	(2,126)	51,136

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 2021.

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DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022

	30/6/2022 (Unaudited) RM'000	30/6/2021 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,957)	(6,154)
Adjustments for:-		
Non cash items	1,464	6,766
Non operating items	(3,558)	(4,374)
Operating profit before working capital changes	(4,051)	(3,762)
Net changes in current assets	20,672	29,631
Net changes in current liabilities	781	(6,019)
Cash from operations	17,402	19,850
Interest paid	(102)	(51)
Income tax paid	(268)	(138)
Net cash from operating activities	17,032	19,661
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	770	766
Purchase of property, plant and equipment	(305)	(3,164)
Changing of surplus funds placed in FD with licensed banks	(17,624)	(18,999)
Placement/(Withdrawal) of deposits in Debt Service Reserve Account	3,717	6,324
Net placement/(withdrawal) of FD	5,408	5,758
Net cash for investing activities	(8,034)	(9,315)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares	-	13,019
Drawdown of term loan	1,177	-
Repayment of term loan	(913)	(152)
Interest paid	(8,723)	(8,882)
Payment of lease liabilities	(182)	(232)
Net cash (for)/from financing activities	(8,641)	3,753
Net increase in cash and cash equivalents	357	14,099
Cash and cash equivalents at beginning of period	24,620	13,753
Cash and cash equivalents at end of period	24,977	27,852
Note:		
Cash and cash equivalents comprise of the following:		
Fixed deposits with licensed bank	59,652	67,366
Fixed deposits and bank balances - restricted / pledge	(44,751)	(49,904)
Cash and bank balances	13,131	12,251
Bank overdraft	(3,055)	(1,861)
	24,977	27,852

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 2021.



A. EXPLANATORY NOTES

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 2021.

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 2021, 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 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

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 2022, the number of treasury shares repurchased and held are as follow:

	Number of shares	30/6/2022 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 period ended 30 June 2022

30-Jun-2022 RM'000 The Group	System	Investment	<u>CMS</u> RM	<u>Rental</u> RM	Property	Construction /	<u>Hospitality</u> RM	<u>Elimination</u> RM	<u>Group</u> RM
	<u>Integration</u> RM	<u>Holding</u> RM			<u>Development</u> RM	<u>Concession</u> RM			
REVENUE									
External revenue	130	135	2,917	49	(187)	3,709	10,055	-	16,808
Intersegment revenue	-	-	-	31	-	-	-	(31)	-
Total revenue	130	135	2,917	80	(187)	3,709	10,055	(31)	16,808
RESULTS									
Segment results (external)	(160)	(645)	(174)	(266)	(178)	12,822	(1,432)		9,967
Interest income									770
Finance costs									(12,694)
Share of results in associate									-
Loss from ordinary activities before taxation									(1,957)
Income tax expense									0
Loss after taxation									(1,957)
Non-controlling interest									(1,201)
Net loss attributable to the owners of the Company									(3,158)

Results for the period ended 30 June 2021

30-Jun-2021 RM'000 The Group	System	Investment	<u>CMS</u> RM	<u>Rental</u> RM	Property	Construction /	<u>Hospitality</u> RM	<u>Elimination</u> RM	<u>Group</u> RM
	<u>Integration</u> RM	<u>Holding</u> RM			<u>Development</u> RM	<u>Concession</u> RM			
REVENUE									
External revenue	221	180	1,462	2	-	3,159	4,279	-	9,303
Intersegment revenue	2,860	-	-	22	-	-	-	(2,882)	-
Total revenue	3,081	180	1,462	24	-	3,159	4,279	(2,882)	9,303
RESULTS									
Segment results (external)	(3,074)	(1,588)	(752)	(214)	(358)	15,137	(2,698)		6,453
Interest income									767
Finance costs									(13,374)
Share of results in associate									-
Loss from ordinary activities before taxation									(6,154)
Income tax expense									(112)
Loss after taxation									(6,266)
Non-controlling interest									(1,739)
Net loss attributable to the owners of the Company									(8,005)



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 17/08/2022
	RM
Contingent Liabilities :	
Unsecured :	
Guarantee given to a subsidiary's supplier for credit facility	744,140
Guarantee given to a subsidiary's customer for due performance of works by a subsidiary	535,641
Total	<u>1,279,781</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 2022, the Group registered revenue of RM16.81 million as compared to RM9.30 million for the quarter ended 30 June 2021.

The Group registered a year-to-date loss after tax of RM1.97 million for the quarter ended 30 June 2022 which is approximately 11.7% of total group revenue as compared to loss after taxation of RM6.27 million representing 67.4% of total group revenue for the quarter ended 30 June 2021.

The concession asset sector and construction generated revenue of RM3.71 million for 9 months ended 30 June 2022 which is approximately 22.1 % of total group revenue. In the same period of preceding year, this sector generated revenue of RM3.16 million.

The hospitality sector has contributed RM10.05 million in revenue and registered loss before taxation of RM3.49 million for the 9 months ended 30 June 2022 as compared to revenue of RM4.28 million and loss before tax of RM4.72 million in the same period of preceding year. The segment contributed 59.8% of the total Group revenue.

B2. Variation of Results against Preceding Quarter

	Current Quarter Ended 30/6/2022 RM'000	Preceding Quarter Ended 30/6/2021 RM'000	Difference	
			RM'000	%
Revenue	6,354	3,046	3,308	108.59
Loss before taxation	<u>(820)</u>	<u>(1,679)</u>	<u>859</u>	<u>(51.16)</u>

B3. Prospects

Despite the challenging business and economic environment in the country, the Board foresee a stronger performance for the Group in 2022.

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 30/6/2022 RM'000	Preceding Year Corresponding Quarter 30/6/2021 RM'000	Current Year To Date 30/6/2022 RM'000	Preceding Year Corresponding Period 30/6/2021 RM'000
Income tax expense for the period	0	(27)	0	(112)

The Group's 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

On 23 February 2022, the Company proposes to undertake the following:-

- (i) Proposed consolidation of every 3 existing ordinary shares in Digistar ("Digistar Share(s)" or "Share(s)") held by the shareholders of Digistar, on an entitlement date to be determined and announced later ("Entitlement Date"), into 1 Digistar Share ("Consolidated Share(s)") ("Proposed Share Consolidation"); and
- (ii) Proposed reduction of the issued share capital of Digistar pursuant to Section 116 of the Companies Act 2016 ("Act") ("Proposed Capital Reduction")

(collectively referred to as "Proposals")

On 28 February 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Company proposes to undertake the above proposals.

On 14 March 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the application in relation to the Proposed Share Consolidation has been submitted to Bursa Securities.

On 25 March 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that Bursa Securities has vide its letter dated 24 March 2022, approved the Share Consolidation.



On 28 April 2022, the Company had obtained its shareholders' approval on the Proposals.

On 13 May 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the entitlement date for the entitled shareholders to be entitled to participate in the Share Consolidation had resolved to set on 30 May 2022 at 5.00 p.m.

On 30 May 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that with effect from 5.00 p.m. on 30 May 2022, the issued share capital of the Company has been consolidated.

On 31 May 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Share Consolidation has been completed following the listing and quotation of the consolidated shares with effect from 9.00 a.m. on 31 May 2022.

On 2 June 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Company had via its legal counsel, filed an application to the High Court of Malaya in relation to the Capital Reduction pursuant to Section 116 of the Act.

On 4 July 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the High Court of Malaya had on 4 July 2022 granted an order confirming the Capital Reduction.

On 12 July 2022, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that an office copy of the sealed order of the High Court of Malaya confirming the Capital Reduction has been lodged with the Registrar of Companies on 12 July 2022. Pursuant thereto, the Capital Reduction shall therefore take effect and be deemed completed on 12 July 2022.

Other than disclosure above, there are no corporate proposals announced but not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 June 2022 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	3,055	-	3,055
Lease Liability	288	50	338
Bridging Loan/ Term Loan	440	4,018	4,458
Bonds	22,518	221,868	244,386
Total	<u>26,301</u>	<u>225,936</u>	<u>252,237</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 30/6/2022	Preceding Year Corresponding Quarter 30/6/2021	Current Year To Date 30/6/2022	Preceding Year Corresponding Period 30/6/2021
(a) Basic Earnings Per Share				
Net loss attributable to members of the Company (RM'000)	(1,196)	(2,178)	(3,158)	(8,005)
Weighted average number of ordinary shares in issue	725,141,570	611,180,485	725,141,570	611,180,485
Basic loss per share (sen)	<u>(0.16)</u>	<u>(0.36)</u>	<u>(0.44)</u>	<u>(1.31)</u>
(b) Diluted Earnings Per Share				
Net loss attributable to members of the Company (RM'000)	(1,196)	(2,178)	(3,158)	(8,005)
Weighted average number of ordinary shares in issue	725,141,570	611,180,485	725,141,570	611,180,485
Adjustment for assumed exercise of Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>725,141,570</u>	<u>611,180,485</u>	<u>725,141,570</u>	<u>611,180,485</u>
Diluted loss per share (sen)	<u>(0.16)</u>	<u>(0.36)</u>	<u>(0.44)</u>	<u>(1.31)</u>



B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Year	To Date	Period
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging / (crediting):				
Other operation (income) / expense:				
Doubtful debt no longer required	(308)	(639)	(1,241)	(1,072)
Allowance for doubtful debt	31	778	98	778
Bad debts written off	-	(3)	50	1,980
Interest Income				
> Concession receivables	(5,411)	(5,072)	(16,235)	(16,981)
> Others	(259)	30	(770)	(767)
Interest Expense	4,218	4,087	12,694	13,374
Depreciation and Amortization	1,055	1,161	3,310	3,760
Impairment on goodwill	-	-	-	698
Inventory written off	-	-	-	622

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 24 August 2022.