



DISA Limited
(formerly known as Equation Summit Limited)
(Company Registration No. 197501110N)

Unaudited Financial Statement for the financial period ended 31 March 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

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SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement

	3rd Qtr ended 31 Mar 2017	3rd Qtr ended 31 Mar 2016	Increase/ (Decrease) %	9 months ended 31 Mar 2017	9 months ended 31 Mar 2016	Increase/ (Decrease) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	123	139	(11.5)	424	522	(18.8)
Cost of sales	(73)	(73)	0.0	(327)	(328)	(0.3)
Gross profit	50	66	(24.2)	97	194	(50.0)
Other income	412	1,071	(61.5)	1,408	2,327	(39.5)
Distribution expenses	(92)	(84)	9.5	(208)	(233)	(10.7)
Administrative expenses	(2,345)	(1,416)	65.6	(6,014)	(4,644)	29.5
Other expenses	(8,393)	(20)	N.M.	(8,490)	(109)	N.M.
Results from operating activities	(10,368)	(383)	N.M.	(13,207)	(2,465)	N.M.
Finance costs	(309)	(143)	N.M.	(513)	(441)	16.3
Share of results of associates	-	-	N.M.	-	(1)	N.M.
Share of results of joint ventures	27	(107)	N.M.	(103)	(299)	(65.6)
Loss before income tax	(10,650)	(633)	N.M.	(13,823)	(3,206)	N.M.
Income tax credit	60	60	0.0	178	179	(0.6)
Loss for the period	(10,590)	(573)	N.M.	(13,645)	(3,027)	N.M.
Attributable to:						
Owners of the Company	(9,104)	(704)	N.M.	(12,021)	(3,101)	N.M.
Non-controlling interests	(1,486)	131	N.M.	(1,624)	74	N.M.
Loss for the period	(10,590)	(573)	N.M.	(13,645)	(3,027)	N.M.

N.M. - not meaningful



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Statement of Comprehensive Income

	3rd Qtr ended 31 Mar 2017	3rd Qtr ended 31 Mar 2016	Increase/ (Decrease) %	9 months ended 31 Mar 2017	9 months ended 31 Mar 2016	Increase/ (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Loss for the period	(10,590)	(573)	N.M.	(13,645)	(3,027)	N.M.
Other comprehensive income:						
Foreign currency translation differences from foreign subsidiaries	(79)	(102)	(22.5)	42	(64)	N.M.
Realisation of foreign currency translation on liquidation of associate	2	-	N.M.	2	-	N.M.
Other comprehensive income for the period	<u>(77)</u>	<u>(102)</u>	<u>(24.7)</u>	<u>44</u>	<u>(64)</u>	<u>N.M.</u>
Total comprehensive income for the period	<u>(10,667)</u>	<u>(675)</u>	<u>N.M.</u>	<u>(13,601)</u>	<u>(3,091)</u>	<u>N.M.</u>
Attributable to:						
Owners of the Company	(9,188)	(808)	N.M.	(11,970)	(3,143)	N.M.
Non-controlling interests	(1,479)	133	N.M.	(1,631)	52	N.M.
Total comprehensive income for the period	<u>(10,667)</u>	<u>(675)</u>	<u>N.M.</u>	<u>(13,601)</u>	<u>(3,091)</u>	<u>N.M.</u>

N.M. - not meaningful

1(a)(ii) Loss for the period is stated after charging/(crediting) the following:

	3rd Qtr ended 31 Mar 2017	3rd Qtr ended 31 Mar 2016	9 months ended 31 Mar 2017	9 months ended 31 Mar 2016
	\$'000	\$'000	\$'000	\$'000
Interest expenses	309	143	513	441
Interest income	9	(25)	(93)	(94)
Amortisation of intangible assets	351	351	1,053	1,053
Amortisation of prepayment for rights on use of plant and machinery	-	20	-	78
Depreciation of property, plant and equipment	20	21	59	62
Employee share-based payments expense	334	-	620	-
Gain on disposal of property, plant and equipment	(55)	-	(75)	-
Loss on liquidation of associate	4	-	4	-
Impairment loss on other current assets	17	-	17	-
Impairment loss on prepayment for right, interest in and ownership of granite	5,939	-	5,939	-
Impairment loss on trade receivables	1,480	-	1,480	-
Impairment loss on non-trade receivables	954	-	962	-
Reversal of long outstanding payables and overstated accruals	(19)	(638)	(28)	(638)
Reversal of fair value gain on derivative instrument recognised in previous years	-	-	89	-
Share of results of associates	-	-	-	1
Share of results of joint ventures	(27)	107	103	299
Currency exchange loss/(gain) - net	(53)	(73)	47	(60)

Unaudited Financial Statement for the financial period ended 31 March 2017

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	<u>31 Mar 2017</u>	<u>30 June 2016</u>	<u>31 Mar 2017</u>	<u>30 June 2016</u>
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	531	164	461	97
Intangible assets	12,290	13,343	-	-
Subsidiaries	-	-	26,221	14,721
Associates	-	27	-	-
Joint ventures	6	19	280	280
Trade and other receivables	1,005	960	1,376	1,102
Other non-current assets	120	6,059	833	755
	<u>13,952</u>	<u>20,572</u>	<u>29,171</u>	<u>16,955</u>
Current assets				
Inventories	-	71	-	-
Trade and other receivables	1,192	3,594	143	100
Other current assets	1,214	1,567	73	480
Cash and bank balances	19,468	5,343	17,683	4,520
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
	<u>24,096</u>	<u>12,797</u>	<u>20,121</u>	<u>7,322</u>
Total assets	<u>38,048</u>	<u>33,369</u>	<u>49,292</u>	<u>24,277</u>
Equity attributable to owners of the Company				
Share capital	169,418	154,474	169,418	154,474
Reserves	5,148	4,397	4,397	3,695
Accumulated losses	(144,457)	(132,438)	(137,673)	(135,302)
	<u>30,109</u>	<u>26,433</u>	<u>36,142</u>	<u>22,867</u>
Non-controlling interests	<u>(10,738)</u>	<u>(9,107)</u>	<u>-</u>	<u>-</u>
Total equity	<u>19,371</u>	<u>17,326</u>	<u>36,142</u>	<u>22,867</u>
Non-current liabilities				
Accruals	-	761	-	176
Financial liabilities	12,081	470	12,081	470
Derivative instrument	-	21	-	-
Deferred tax liabilities	2,088	2,267	-	-
	<u>14,169</u>	<u>3,519</u>	<u>12,081</u>	<u>646</u>
Current liabilities				
Trade and other payables	3,170	3,039	425	348
Accruals	767	2,000	595	383
Financial liabilities	49	6,963	49	33
Provision for other liabilities and charges	522	522	-	-
	<u>4,508</u>	<u>12,524</u>	<u>1,069</u>	<u>764</u>
Total liabilities	<u>18,677</u>	<u>16,043</u>	<u>13,150</u>	<u>1,410</u>
Total equity and liabilities	<u>38,048</u>	<u>33,369</u>	<u>49,292</u>	<u>24,277</u>

Unaudited Financial Statement for the financial period ended 31 March 2017

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

31 March 2017 (\$'000)		30 June 2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
49	-	6,963	-

Amount repayable after one year

31 March 2017 (\$'000)		30 June 2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
163	11,918	85	385

Details of collateral

As at 31 March 2017, total borrowings included secured liabilities of \$212,000 (30 June 2016: \$7,048,000) for the Group. Secured loans have been fully repaid as at 31 March 2017 (30 June 2016: \$115,000). The secured loans were secured by security charges which provided for fixed charge on certain equipment to be supplied to a customer and deed of assignment on proceeds arising from certain project of a subsidiary. Personal guarantee was given by a minority shareholder of a subsidiary. In addition, corporate guarantee was given by the Company. Other finance lease liabilities of the Group amounting to \$212,000 (30 June 2016: \$117,000) are secured by the rights to leased motor vehicles.

The remaining unsecured liability includes Redeemable Convertible Bonds ("**RCB**") of \$12,000,000 (30 June 2016: Nil) issued by the Company as at 31 March 2017. The unsecured, interest-bearing loan of \$385,000 has been fully repaid as at 31 March 2017 (30 June 2016: \$385,000).

On 27 December 2016, the Company entered into a RCB agreement with Wang Yu Huei, Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen, the ("**Investors**"), pursuant to which, the Investors agreed to subscribe for an aggregate subscription amount of \$12,000,000 pursuant to the terms of the RCB agreement. The bonds can be converted into the Company's ordinary shares at any time between 23 December 2017 and 23 December 2018. Shareholders' approval has been obtained on 13 February 2017 in relation to the RCB agreement.

The RCB bear an interest rate at 9% per annum and Investors can elect to have all interest due by way of allotment and issuance of ordinary shares in the Company in lieu of receiving payment of interest in cash. Please refer to the Company's circular dated 20 January 2017 for more details on the RCB.

Unaudited Financial Statement for the financial period ended 31 March 2017

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(c)(i) Consolidated Statement of Cash Flows

	3rd Qtr ended 31 Mar 2017 \$'000	3rd Qtr ended 31 Mar 2016 \$'000	9 months ended 31 Mar 2017 \$'000	9 months ended 31 Mar 2016 \$'000
Cash flows from operating activities				
Loss before income tax for the period	(10,650)	(633)	(13,823)	(3,206)
Adjustments for:				
- Interest expenses	309	143	513	441
- Interest income	9	(25)	(93)	(94)
- Amortisation of intangible assets	351	351	1,053	1,053
- Amortisation of prepayment for rights on use of plant and machinery	-	20	-	78
- Depreciation of property, plant and equipment	20	21	59	62
- Employee share-based payments expense	334	-	620	-
- Gain on disposal of property, plant and machinery	(55)	-	(75)	-
- Loss on liquidation of associate	4	-	4	-
- Impairment loss on other current assets	17	-	17	-
- Impairment loss on prepayment for right, interest in and ownership of granite	5,939	-	5,939	-
- Impairment loss on trade receivables	1,480	-	1,480	-
- Impairment loss on non-trade receivables	954	-	962	-
- Reversal of long outstanding payables and overstated accruals	(19)	(638)	(28)	(638)
- Reversal of fair value gain on derivative instrument recognised in previous years	-	-	89	-
- Share of results of associates	-	-	-	1
- Share of results of joint ventures	(27)	107	103	299
- Exchange differences	(86)	(99)	65	(78)
Operating cash flows before working capital changes	(1,420)	(753)	(3,115)	(2,082)
Changes in working capital:				
- Inventories	-	(8)	71	5
- Trade and other receivables	65	(241)	(183)	(532)
- Other current assets	291	19	312	45
- Trade and other payables	(468)	(102)	(554)	(322)
Cash used in operations	(1,532)	(1,085)	(3,469)	(2,886)
Income tax paid	-	-	(1)	-
Net cash used in operating activities	(1,532)	(1,085)	(3,470)	(2,886)
Cash flows from investing activities				
Interest received	(9)	25	93	94
Purchase of property, plant and equipment	(295)	(4)	(316)	(7)
Proceeds from disposal of property, plant and equipment	55	-	86	-
Net cash (used in)/from investing activities	(249)	21	(137)	87

Unaudited Financial Statement for the financial period ended 31 March 2017

1(c)(i) Consolidated Statement of Cash Flows (Continued)

	3rd Qtr ended <u>31 Mar 2017</u> \$'000	3rd Qtr ended <u>31 Mar 2016</u> \$'000	9 months ended <u>31 Mar 2017</u> \$'000	9 months ended <u>31 Mar 2016</u> \$'000
Cash flows from financing activities				
Interest paid	(80)	(8)	(1,664)	(26)
Net proceeds from issuance of ordinary shares	-	-	10,784	-
Net proceeds from issuance of warrants	-	-	-	2,604
Proceeds from convertible bonds	12,000	-	12,000	-
Proceeds from exercise of warrants	837	-	4,160	-
Repayment of finance lease	(10)	(17)	(26)	(50)
Repayment of loan to a third party	(385)	(114)	(385)	(566)
Repayment of bank borrowings	(17)	(46)	(115)	(136)
Repayment of convertible loans	-	-	(7,000)	-
Net cash from/(used in) financing activities	12,345	(185)	17,754	1,826
Net increase/(decrease) in cash and cash equivalents	10,564	(1,249)	14,147	(973)
Cash and cash equivalents at beginning of the period	8,833	7,114	5,282	6,797
Net effects of exchange rate changes on cash and cash equivalents	10	(5)	(22)	36
Cash and cash equivalents at end of the period (Note A)	19,407	5,860	19,407	5,860

1(c)(ii) Notes to Consolidated Statement of Cash Flows

Note A:

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	9 months ended 31 Mar 2017 \$'000	9 months ended 31 Mar 2016 \$'000
Cash at bank and on hand	5,404	1,760
Short-term bank deposits	14,064	4,161
Cash and bank balances per Group statement of financial position	19,468	5,921
Less: Deposits placed with banks as security	(61)	(61)
Cash and cash equivalents per consolidated statement of cash flows	19,407	5,860

Unaudited Financial Statement for the financial period ended 31 March 2017

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group

	Share capital	Equity component of convertible bonds	Foreign currency translation reserve	Share option reserve	Other capital reserves	Accumulated losses	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FY 2017									
Balance as at 1 July 2016	154,474	-	(34)	54	4,377	(132,438)	26,433	(9,107)	17,326
Total comprehensive income									
- Loss for the period	-	-	-	-	-	(12,021)	(12,021)	(1,624)	(13,645)
Other comprehensive income for the period									
- Foreign currency translation differences from foreign subsidiaries	-	-	49	-	-	-	49	(7)	42
- Realisation of foreign currency translation on liquidation of associate	-	-	-	-	-	2	2	-	2
Total comprehensive income for the financial period	-	-	49	-	-	(12,019)	(11,970)	(1,631)	(13,601)
Contribution by and distributions to owner									
Issue of shares:									
Conversion of warrants to ordinary shares	4,160	-	-	-	-	-	4,160	-	4,160
Private placements ^(Note A)	10,933	-	-	-	-	-	10,933	-	10,933
- private placement expense	(149)	-	-	-	-	-	(149)	-	(149)
	14,944	-	-	-	-	-	14,944	-	14,944
Others									
Equity conversion component of Redeemable Convertible Bonds	-	82	-	-	-	-	82	-	82
Employee share-based payments expense	-	-	-	620	-	-	620	-	620
	-	82	-	620	-	-	702	-	702
Balance as at 31 March 2017	169,418	82	15	674	4,377	(144,457)	30,109	(10,738)	19,371
FY 2016									
Balance as at 1 July 2015	154,474	-	22	75	1,773	(121,654)	34,690	(8,155)	26,535
Total comprehensive income									
- Loss for the period	-	-	-	-	-	(3,101)	(3,101)	74	(3,027)
Other comprehensive income for the period									
- Foreign currency translation differences from foreign subsidiaries	-	-	(42)	-	-	-	(42)	(22)	(64)
Total comprehensive income for the financial period	-	-	(42)	-	-	(3,101)	(3,143)	52	(3,091)
Contribution by and distributions to owner									
Issue of warrants ^(Note B)	-	-	-	-	2,798	-	2,798	-	2,798
- warrants issue expense	-	-	-	-	(194)	-	(194)	-	(194)
	-	-	-	-	2,604	-	2,604	-	2,604
Balance as at 31 March 2016	154,474	-	(20)	75	4,377	(124,755)	34,151	(8,103)	26,048

Unaudited Financial Statement for the financial period ended 31 March 2017

Company

	Share capital \$'000	Equity component of convertible bonds \$'000	Share option reserve \$'000	Other capital reserves \$'000	Accumulated losses \$'000	Total equity \$'000
FY 2017						
Balance as at 1 July 2016	154,474	-	54	3,641	(135,302)	22,867
Total comprehensive income for the financial period	-	-	-	-	(2,371)	(2,371)
Equity conversion component of convertible bonds	-	82	-	-	-	82
Employee share-based payments expense	-	-	620	-	-	620
Conversion from warrants to shares	4,160	-	-	-	-	4,160
Private placements ^(Note A)	10,933	-	-	-	-	10,933
- private placement expense	(149)	-	-	-	-	(149)
Balance as at 31 March 2017	169,418	82	674	3,641	(137,673)	36,142
FY 2016						
Balance as at 1 July 2015	154,474	-	75	1,037	(117,206)	38,380
Total comprehensive income for the financial period	-	-	-	-	(1,131)	(1,131)
Issue of warrants ^(Note B)	-	-	-	2,798	-	2,798
- warrants issue expense	-	-	-	(194)	-	(194)
Balance as at 31 March 2016	154,474	-	75	3,641	(118,337)	39,853

Note A: On 15 November 2016 and 9 December 2016, new ordinary shares were issued pursuant to the private placements announced on 24 October 2016, 25 November 2016 and 28 November 2016.

Note B: Prepaid capital contributions were related to irrevocable undertakings given by two shareholders, namely Chng Weng Wah and Starbids Venture Inc. ("Undertaking Shareholders") on 26 May 2015 to subscribe for their entitlements of total 877,746,718 warrants at an issue price of \$0.001 for each warrant, pursuant to the warrants issue announced on 26 May 2015. The Undertaking Shareholders had made advance payment for their respective subscription sums of aggregate \$878,000 to the Company in May 2015. This amount of \$878,000 was recorded as Prepaid Shares Reserves as at 30 June 2015. Upon issuance and allotment of the warrants on 3 August 2015, the amount of \$878,000 was reclassified to Capital Reserves.

Unaudited Financial Statement for the financial period ended 31 March 2017

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A) Changes in share capital during the financial period

	<u>Q3 FY2017</u>	<u>Q3 FY2016</u>
As at beginning of the period	6,868,508,513	5,113,729,645
Issuance of new ordinary shares pursuant to:		
- exercise of warrants	119,613,820	-
As at end of the period	<u>6,988,122,333</u>	<u>5,113,729,645</u>

The issued share capital of the Company as at 31 March 2017 comprises 6,988,122,333 (31 March 2016: 5,113,729,645) ordinary shares.

B) Share options - DISA Share Option Scheme 2010 ("DSOS")

	<u>31 March 2017</u>	<u>31 March 2016</u>
Outstanding share options	47,000,000	10,500,000

C) Treasury shares

No treasury shares were held by the Company as at 31 March 2017 and 31 March 2016.

D) Subsidiary holdings

No subsidiary holdings were held by the Company as at 31 March 2017 and 31 March 2016.

E) Convertible loans

As at 31 March 2017, the outstanding convertible loans of the Company which are convertible at the Investors' option into up to 1,287,272,727 ordinary shares of the Company pursuant to the terms of the RCB agreement (31 March 2016: 444,602,525) (refer 1(b)(ii)).

F) Warrants

As at 31 March 2017, the number of shares that may be issued on conversion of the outstanding warrants expiring on 2 August 2017 is 3,081,784,368 (31 March 2016: 3,676,177,056).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>31 March 2017</u>	<u>31 March 2016</u>
Total number of ordinary issued shares excluding treasury shares	6,988,122,333	5,113,729,645

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company does not have any subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

Unaudited Financial Statement for the financial period ended 31 March 2017

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have not been audited or reviewed by our auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial period compared with the audited financial statements for the financial year ended 30 June 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new/revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective for accounting period beginning on or before 1 July 2016. The adoption of these new/revised FRSs and INT FRSs did not result in any material change to the Group's accounting policies or any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Group		Group	
3rd Qtr ended 31 Mar 2017	3rd Qtr ended 31 Mar 2016	9 months ended 31 Mar 2017	9 months ended 31 Mar 2016
(0.13)	(0.01)	(0.21)	(0.06)
6,933,686,910	5,113,729,645	5,849,401,598	5,113,729,645

Basic and diluted earnings per share (cents per share)

- Weighted average number of ordinary shares in issue

As the exercise / conversion of the share options, convertible loans and warrants are anti-dilutive, the diluted earnings per share is the same as the basic earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and (b) immediately preceding financial year.

Group		Company	
As at 31 Mar 2017	As at 30 June 2016	As at 31 Mar 2017	As at 30 June 2016
0.28	0.34	0.52	0.45

Net asset value per ordinary share attributable to owners of the
Company and non-controlling interests based on issued share capital (cents)

The net asset value per ordinary share attributable to owners of the Company and non-controlling interests is computed based on 6,988,122,333 (30 June 2016: 5,113,729,645) ordinary shares as at 31 March 2017.

Unaudited Financial Statement for the financial period ended 31 March 2017

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) Income Statement (Third Quarter Ended 31 March 2017 ("Q3 FY2017") versus Third Quarter Ended 31 March 2016 ("Q3 FY2016") and 9 Months Ended 31 March 2017 ("9M FY2017") versus 9 Months Ended 31 March 2016 ("9M FY2016"))

i) Revenue

The Group's revenue decreased by \$16,000 (or 11.5%) from \$139,000 in Q3 FY2016 to \$123,000 in Q3 FY2017 ("QoQ"). This was mainly due to decrease in sales in E-waste/Recycling segment of \$89,000; partially mitigated by the increase in sales in Energy Management Services segment of \$29,000 and Technology segment of \$44,000. The decrease in E-waste/Recycling was mainly due to cessation of operation in recycling business during Q3 FY2017. The increase in sales in Energy Management Services segment was mainly due to higher revenue generated from consultancy services while the increase in sales in Technology segment was mainly due to revenue generated from sales of asset protection system during Q3 FY2017.

On a year-to-date ("YoY") comparison, the Group's revenue decreased by \$98,000 or 18.8% from \$522,000 in 9M FY2016 to \$424,000 in 9M FY2017. This was mainly due to decrease in sales in the E-waste/Recycling segment of \$123,000 and Energy Management Services segment of \$19,000; partially mitigated by increase in sales in Technology segment of \$44,000. The decrease in sales in E-waste/Recycling segment was mainly due to cessation of operation in recycling business in December 2016 while the decrease in sales in Energy Management Services segment was mainly due to lower revenue generated from consultancy services. The breakdown of revenue is represented in Table A below:

Table A

	3rd Qtr ended <u>31 Mar 2017</u> \$'000	% to total revenue	3rd Qtr ended <u>31 Mar 2016</u> \$'000	% to total revenue	9 months ended <u>31 Mar 2017</u> \$'000	% to total revenue	9 months ended <u>31 Mar 2016</u> \$'000	% to total revenue
E-waste/Recycling	2	1.6%	91	65.5%	157	37.0%	280	53.6%
Energy Management Services	77	62.6%	48	34.5%	223	52.6%	242	46.4%
Technology	44	35.8%	-	0.0%	44	10.4%	-	0.0%
	123	100.0%	139	100.0%	424	100.0%	522	100.0%

ii) Cost of sales and gross profits

There was no significant change in cost of sales ("COGS") for QoQ and YoY comparison.

Due to the reasons explained above, the Group recorded a lower gross profit of \$50,000 and \$97,000 in Q3 FY2017 and 9M FY2017 respectively.

The Group reported a decrease in gross profit margin ("GP%") from 47.5% in Q3 FY2016 to 40.7% in Q3 FY2017. The decrease in the GP% was mainly contributed by the E-waste/Recycling segment due to higher gross profit generated from recycled materials during Q3 FY2016.

On YoY basis, GP% decreased by 14.3 percentage point from 37.2% in 9M FY2016 to 22.9% in 9M FY2017. The decrease in the GP% on a YoY basis was mainly contributed by the E-waste/Recycling segment which contributed a higher percentage of COGS in 9M FY2017 than 9M FY2016.

iii) Other income

Other income decreased by \$659,000 (or 61.5%) from \$1,071,000 in Q3 FY2016 to \$412,000 in Q3 FY2017. This was mainly attributable to decrease in reversal of long outstanding payables and overstated accruals of \$619,000 and decrease in rental income of \$168,000 from the leasing of office space due to expiry of lease agreement; partially offset by (i) increase in storage income of \$51,000 from the use of one of the Company's subsidiary's storage facilities; (ii) increase in income earned from transportation and container charges of \$17,000; and (iii) gain on disposal of property, plant and equipment of \$55,000.

On YoY basis, other income decreased by \$919,000 (or 39.5%) for 9M FY2017 as compared to 9M FY2016. This was mainly attributable to (i) decrease in storage income of \$140,000 from the use of one of the Company's subsidiary's storage facilities; (ii) decrease in rental income of \$299,000 from the leasing of office space due to expiry of lease agreement; (iii) decrease in government grants and rebates of \$48,000; and (iv) reversal of long outstanding payables and overstated accruals of \$610,000 in 9M FY2016; partially offset by (i) increase in income earned from transportation and container charges of \$40,000; (ii) gain on disposal of property, plant and equipment of \$75,000; and (iii) reconciliation of yearly interest of \$66,000 from one of the Company's subsidiary's project.

Unaudited Financial Statement for the financial period ended 31 March 2017

iv) Distribution expenses

Distribution expenses increased by \$8,000 (or 9.5%) from \$84,000 in Q3 FY2016 to \$92,000 in Q3 FY2017. This was mainly due to the increase in travelling expense of \$36,000 for business purposes; partially offset by decrease in staff costs and reversal of agency fee for securing tenants at the previous office space.

On YoY basis, distribution expenses decreased by \$25,000 (or 10.7%) for 9M FY2017 as compared to 9M FY2016. This was mainly due to decrease in staff costs and reversal of agency fee for securing tenants at the previous office space which are higher than the increase in travelling expense of \$76,000 for business purposes.

v) Administrative expenses

Administrative expenses increased by \$929,000 (or 65.6%) from \$1,416,000 in Q3 FY2016 to \$2,345,000 in Q3 FY2017. This was mainly attributable to (i) higher directors' remuneration and staff costs of \$287,000; (ii) higher legal and professional fees of \$374,000; (iii) higher advertisement expense of \$7,000; (iv) higher printing and stationary costs of \$14,000; (v) higher transportation and travelling expenses of \$5,000; (vi) higher of rental of equipment of \$11,000; (vii) new share options of \$334,000 being granted in Q3 FY2017; and (viii) foreign currency movement of net loss of \$20,000; partially offset by decrease in rental expense of premises of \$114,000 due to expiry of lease agreement and decrease in audit fee of \$20,000.

On YoY basis, administrative expenses increased by \$1,370,000 (or 29.5%) for 9M FY2017 as compared to 9M FY2016. This was mainly attributable to (i) higher directors' remuneration and staff costs of \$254,000; (ii) higher advertisement expense of \$18,000; (iii) higher dues and subscriptions membership of \$19,000; (iv) higher legal and professional fees of \$511,000; (v) higher printing and stationary costs of \$14,000; (vi) higher transportation and travelling expenses of \$37,000; (vii) higher of rental of equipment of \$11,000; (viii) higher fees paid in relation to the upkeep of premises and computer of \$76,000; (x) new share options of \$620,000 being granted; and (xi) foreign currency movement of net loss of \$107,000; partially offset by lower audit fee of \$77,000; and decrease in rental expense of premises of \$223,000 due to expiry of lease agreement.

vi) Other expenses

Other expenses increased by \$8,373,000 from \$20,000 in Q3 FY2016 to \$8,393,000 in Q3 FY2017. This was mainly attributable to full impairment loss on trade and non-trade receivables of \$2,434,000 from PT Kawasan Dinamika Harmonitama ("KDH") which is currently under enforcement of proceedings of the arbitral award and full impairment loss on prepayment for rights, interest in and ownership of granite of \$5,939,000 during the financial period.

On YoY basis, other expenses increased by \$8,381,000 for 9M FY2017 as compared to 9M FY2016. This was mainly attributable to (i) full impairment loss on trade and other receivables of \$2,434,000 from KDH; (ii) full impairment loss on prepayment for rights, interest in and ownership of granite of \$5,939,000; and (iii) reversal of fair value gain on derivative instrument recognised in previous years of \$89,000; partially offset by decrease in prepayments for rights on use of plant and machinery of \$78,000.

vii) Finance costs

Finance costs increased by \$166,000 from \$143,000 in Q3 FY2016 to \$309,000 in Q3 FY2017. This was mainly attributable to convertible bonds interest accrued arising from new redeemable convertible bonds of an aggregate value of \$12,000,000 which was issued and approved during the shareholders' meeting held on 13 February 2017; partially offset by full repayment of convertible loans of \$7,000,000 in December 2016.

On YoY basis, finance costs increased by \$72,000 for 9M FY2017 as compared to 9M FY2016 due to reasons as explained above.

Due to the reasons above, the Group recorded a net loss before tax of \$10,650,000 and \$13,823,000 in Q3 FY2017 and 9M FY2017 respectively.

Unaudited Financial Statement for the financial period ended 31 March 2017

(B) Statements of Financial Position

Total assets of the Group increased by \$4,679,000 from \$33,369,000 as at 30 June 2016 to \$38,048,000 as at 31 March 2017 mainly due to the following:

- i) Property, plant and equipment increased by \$367,000, and was mainly due to the addition of fixed assets of \$436,000; partially offset against the disposal of property, plant and equipment and depreciation charge for the financial period.
- ii) Intangible assets represent core technology of Disa Asset Protection system. Intangible asset decreased by \$1,053,000 from \$13,343,000 as at 30 June 2016 to \$12,290,000 as at 31 March 2017. This was mainly due to an amortisation charge for the financial period.
- iii) Other non-current assets were mainly consists of prepayment for the rights, interest in and ownership of granite in Indonesia paid to KDH and club membership. Other non-current assets decreased by \$5,939,000 from \$6,059,000 as at 30 June 2016 to \$120,000 as at 31 March 2017. This was mainly due to full impairment loss on prepayment for rights, interest in and ownership of granite in Indonesia during the financial period.
- iv) Inventories decreased by \$71,000 from \$71,000 as at 30 June 2016 to Nil as at 31 March 2017, mainly due to stock clearance during the financial period.
- v) Total trade and other receivables decreased by \$2,357,000 from \$4,554,000 as at 30 June 2016 to \$2,197,000 as at 31 March 2017. This was mainly due to impairment loss on trade and other receivables of \$2,434,000 from KDH during the financial period.
- vi) Increase in cash and balances of \$14,125,000 (Refer to explanation in "8(C) Cash flow" below).

Total liabilities of the Group increased by \$2,634,000 from \$16,043,000 as at 30 June 2016 to \$18,677,000 as at 31 March 2017, and were mainly due to the following:

- i) Trade and other payables increased by \$131,000 from \$3,039,000 as at 30 June 2016 to \$3,170,000 as at 31 March 2017. This was mainly due to slow repayment to creditors during the financial period.
- ii) Total accruals decreased by \$1,994,000 from \$2,761,000 as at 30 June 2016 to \$767,000 as at 31 March 2017. This was mainly due to (i) decrease in accrued interest of \$1,328,000 mainly resulting from full repayment of accrued interest on convertible loans; (ii) decrease in accrued staff costs of \$550,000; and (iii) decrease in accrued operating costs of \$116,000 during the 9M FY2017.
- iii) Total financial liabilities increased by \$4,697,000 from \$7,433,000 as at 30 June 2016 to \$12,130,000 as at 31 March 2017 and this was mainly due to new redeemable convertible bonds of \$12,000,000 from Investors and new motor vehicle under finance lease of \$120,000; partially offset by (i) loans repayment of \$500,000; (ii) repayment of finance lease of \$26,000; and (iii) full repayment on convertible loans of \$6,816,000 from the Sculptors Investor during the 9M FY2017.

(C) Cash Flows

i) Q3 FY2017 vs Q3 FY2016

The Group recorded a net increase in cash and cash equivalents of \$10,564,000 in Q3 FY2017 compared to net decrease of \$1,249,000 in Q3 FY2016, mainly due to funds generated/utilised as follows:

Net cash outflow from operating activities for Q3 FY2017 was \$1,532,000. This comprised operating cash flows before working capital changes of \$1,420,000 and adjusted for net working capital outflow of \$112,000. The net working capital outflow was caused by the decrease in trade and other payables of \$468,000; partially offset by the decrease in trade and other receivables of \$65,000 and decrease in other current assets of \$291,000.

Net cash outflow from investing activities for Q3 FY2017 amounted to \$249,000 due to purchase of property, plant and equipment of \$295,000; partially offset by proceeds from disposal of property, plant and equipment of \$55,000.

Net cash inflow from financing activities for Q3 FY2017 amounted to \$12,345,000 mainly due to proceeds from redeemable convertible bonds of \$12,000,000; and proceeds from exercise of warrants of \$837,000; partially offset by (i) interest paid of \$80,000; (ii) repayment of finance lease of \$10,000; and (iii) repayment of borrowings of \$402,000.

Unaudited Financial Statement for the financial period ended 31 March 2017

ii) 9M FY2017 vs 9M FY2016

Cash and bank balances (net of overdraft and deposits placed with a bank as security) (refer to 1(C)(ii)) increased by approximately \$14,125,000 from \$5,282,000 as at 30 June 2016 to \$19,407,000 as at 31 March 2017, mainly due to funds generated/utilised as follows:

Net cash outflow for operating activities for 9M FY2017 was \$3,470,000. This comprised operating cash flows before working capital changes of \$3,115,000, adjusted for net working capital outflow of \$354,000. The net working capital outflow was the result of increase in trade and other receivables of \$183,000 and decrease in trade and other payables of \$554,000; partially offset by decrease in inventories of \$71,000 and other current assets of \$312,000.

Net cash outflow from investing activities for 9M FY2017 amounted to \$137,000 due to purchase of property, plant and equipment of \$316,000; partially offset by interest received of \$93,000 and proceeds from disposal of property, plant and equipment of \$86,000.

Net cash inflow from financing activities for 9M FY2017 amounted to \$17,754,000 mainly due to (i) net proceeds from issuance of ordinary shares of \$10,784,000; (ii) proceeds from exercise of warrants of \$4,160,000; and (iii) proceeds from redeemable convertible bonds of \$12,000,000; partially offset by (i) interest paid of \$1,664,000; (ii) repayment of finance lease of \$26,000; (iii) repayment of borrowings of \$500,000; and (iv) repayment of convertible loans from the Sculptors Investor of \$7,000,000.

(D) Use of Proceeds

i) Private Placement

On 13 December 2016, the Company issued an aggregate of 300,000,000 new shares at S\$0.0099 per share in the issued and paid-up capital of the Company pursuant to a placement agreement entered between the Company and the placement agent ("**Private Placement 1**"). Net proceeds of \$2.97 million was raised. The Company had utilised approximately \$1.7 million for working capital expenditure and repayment of accrued interest from convertible loans purposes as at 31 March 2017.

On 13 December 2016, the Company issued an aggregate of 380,000,000 new shares at S\$0.0099 per share in the issued and paid-up capital of the Company pursuant to a subscription agreement entered between the Company and the subscriber ("**Private Placement 2**"). Net proceeds of \$3.762 million was raised. The Company had utilised approximately \$2.1 million for investments purpose as at 31 March 2017.

	Private Placement 1 \$'000	Private Placement 2 \$'000
Net proceeds raised	2,970	3,762
Less: Utilisations		
- Working capital expenditures ^(Note A)	(159)	-
- Investments	-	(2,067)
- Repayment of loans	-	-
- Repayment of accrued interest from convertible loan	(1,576)	-
Balance as at 31 March 2017	<u>1,235</u>	<u>1,695</u>

Note A: Working capital expenditures consisted of staff salaries and related expenses as well as trade and non-trade payments.

To date, the utilisation of proceeds arising from the Private Placement 1 and Private Placement 2 are consistent with the intended use as described in the use of proceeds announcements dated 25 November 2016 and 28 November 2016 respectively.

Unaudited Financial Statement for the financial period ended 31 March 2017

ii) Warrants Issue

On 3 August 2015, the Company announced a renounceable non-underwritten rights issue of 3,676,177,056 warrants ("**Warrants Issue**") have been allotted and issued. Net proceeds of \$3.5 million was raised. The net proceeds has been fully utilised for working capital expenditure and repayment of loans as at 31 March 2017.

As at 31 March 2017, 594,392,688 warrants ("**Warrants Exercise**") had been exercised since the issue of the warrants and a total proceed of about \$4.2 million was raised and the status of the proceeds is as follow:

	Warrants Issue \$'000	Warrants Exercise \$'000
Net proceeds raised	3,493	4,160
Less: Utilisations		
- Working capital expenditures ^(Note A)	(1,300)	(1,086)
- Repayment of loans ^(Note B)	(2,193)	(1,173)
Balance as at 31 March 2017	<u>-</u>	<u>1,901</u>

Note A: Working capital expenditures consisted of staff salaries and related expenses as well as trade and non-trade payments.

Note B: Repayment of loans including accrued interest for working capital purposes.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Company is making good progress with the roll out of its Point of Sale Activation ("PoSA") technology. The Group's indirect wholly owned US-incorporated subsidiary, Disa Digital Safety (USA) has launched vendor engagement in Q3 FY2017 and activation codes were sold to an initial batch of vendors during the quarter. More vendors are expected to implement the PoSA technology in the coming months.

The Group will continue to engage retailers on the adoption of the award-winning PoSA technology as a digital security lock for electronic products sold in the United States.

11. Dividend

(a) Current financial period reported on.

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



DISA Limited
(formerly known as Equation Summit Limited)
(Company Registration No. 197501110N)

Unaudited Financial Statement for the financial period ended 31 March 2017

12. **If no dividend has been declared/recommended, a statement to that effect.**
No dividend has been recommended for the financial period ended 31 March 2017.
13. **If the group has obtained a general mandate from shareholder for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.**
The Company has no general IPT mandate and no IPT transactions for the period under review.
14. **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**
The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

CHNG WENG WAH
Executive Director/Chief Executive Officer

11 May 2017

NEGATIVE ASSURANCE CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 31 March 2017 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

CHNG WENG WAH
Executive Director/Chief Executive Officer

11 May 2017

LAU KAY HENG
Non-Executive and Independent Director