



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

Unaudited Financial Statement for the financial period ended 31 December 2017

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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**

	2nd Qtr ended 31 Dec 2017	2nd Qtr ended 31 Dec 2016	Increase/ (Decrease) %	6 months ended 31 Dec 2017	6 months ended 31 Dec 2016	Increase/ (Decrease) %
	\$'000	\$'000	%	\$'000	\$'000	%
Continuing operations						
Revenue						
Sale of goods *	35	-	N.M.	64	-	N.M.
Sale of services rendered	11	98	(88.8)	29	146	(80.1)
	46	98	(53.1)	93	146	(36.3)
Other income	55	133	(58.6)	89	353	(74.8)
Total revenue	101	231	(56.3)	182	499	(63.5)
Cost and expenses						
Cost of services	(24)	(79)	(69.6)	(43)	(128)	(66.4)
Depreciation and amortisation expenses	(378)	(367)	3.0	(756)	(734)	3.0
Employee benefits expenses	(1,832)	(869)	N.M.	(3,039)	(1,299)	N.M.
Legal and professional expenses	(122)	(181)	(32.6)	(232)	(280)	(17.1)
Impairment losses	-	(1)	N.M.	-	(8)	N.M.
Operating lease expenses	(110)	(76)	44.7	(203)	(271)	(25.1)
Other expenses	(469)	(439)	6.8	(989)	(668)	48.1
Total cost and expenses	(2,935)	(2,012)	45.9	(5,262)	(3,388)	55.3
Results from operations activities	(2,834)	(1,781)	59.1	(5,080)	(2,889)	75.8
Finance costs	(273)	(54)	N.M.	(545)	(204)	N.M.
Share of results of joint ventures	-	(53)	N.M.	-	(130)	N.M.
Loss before income tax from continuing operations	(3,107)	(1,888)	64.6	(5,625)	(3,223)	74.5
Income tax credit	43	58	(25.9)	103	118	(12.7)
Loss from continuing operations, net of tax	(3,064)	(1,830)	67.4	(5,522)	(3,105)	77.8
Discontinued operations						
Profit from discontinued operations, net of tax	-	38	N.M.	-	50	N.M.
Loss for the financial period	(3,064)	(1,792)	71.0	(5,522)	(3,055)	80.8

* Sale of goods refers to the sale of Digital Safety ("DiSa") codes
N.M. - not meaningful



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	2nd Qtr ended 31 Dec 2017	2nd Qtr ended 31 Dec 2016	Increase/ (Decrease) %	6 months ended 31 Dec 2017	6 months ended 31 Dec 2016	Increase/ (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Attributable to:						
Owners of the Company						
Loss from continuing operations, net of tax	(3,057)	(1,738)	75.9	(5,535)	(2,971)	86.3
Profit from discontinued operations, net of tax	-	35	N.M.	-	54	N.M.
	<u>(3,057)</u>	<u>(1,703)</u>	79.5	<u>(5,535)</u>	<u>(2,917)</u>	89.7
Non-controlling interests						
(Loss)/Profit from continuing operations, net of tax	(7)	(92)	(92.4)	13	(134)	N.M.
Profit/(Loss) from discontinued operations, net of tax	-	3	N.M.	-	(4)	N.M.
	<u>(7)</u>	<u>(89)</u>	(92.1)	<u>13</u>	<u>(138)</u>	N.M.
Loss for the financial period	<u><u>(3,064)</u></u>	<u><u>(1,792)</u></u>	71.0	<u><u>(5,522)</u></u>	<u><u>(3,055)</u></u>	80.8
Statement of Comprehensive Income						
Loss for the financial period	(3,064)	(1,792)	71.0	(5,522)	(3,055)	80.8
Other comprehensive income:						
Foreign currency translation differences from foreign subsidiaries	(3)	119	N.M.	(34)	121	N.M.
Other comprehensive income for the financial period	<u>(3)</u>	<u>119</u>	N.M.	<u>(34)</u>	<u>121</u>	N.M.
Total comprehensive income for the financial period	<u><u>(3,067)</u></u>	<u><u>(1,673)</u></u>	83.3	<u><u>(5,556)</u></u>	<u><u>(2,934)</u></u>	89.4
Attributable to:						
Owners of the Company						
Loss from continuing operations, net of tax	(3,066)	(1,611)	90.3	(5,576)	(2,836)	96.6
Profit from discontinued operations, net of tax	-	34	N.M.	-	54	N.M.
	<u>(3,066)</u>	<u>(1,577)</u>	94.4	<u>(5,576)</u>	<u>(2,782)</u>	N.M.
Non-controlling interests						
(Loss)/Profit from continuing operations, net of tax	(1)	(99)	(99.0)	20	(148)	N.M.
Profit/(Loss) from discontinued operations, net of tax	-	3	N.M.	-	(4)	N.M.
	<u>(1)</u>	<u>(96)</u>	(99.0)	<u>20</u>	<u>(152)</u>	N.M.
Total comprehensive income for the financial period	<u><u>(3,067)</u></u>	<u><u>(1,673)</u></u>	83.3	<u><u>(5,556)</u></u>	<u><u>(2,934)</u></u>	89.4

N.M. - not meaningful

Unaudited Financial Statement for the financial period ended 31 December 2017

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

(inclusive of both continuing and discontinued operations)	2nd Qtr ended	2nd Qtr ended	6 months ended	6 months ended
	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>
	\$'000	\$'000	\$'000	\$'000
Interest expenses	273	54	545	204
Interest income	(48)	(68)	(78)	(102)
Amortisation of intangible assets	351	351	702	702
Depreciation of property, plant and equipment	27	20	54	39
Employee share-based payments expense	448	286	541	286
Gain on disposal of property, plant and equipment	-	(3)	-	(20)
Impairment loss on non-trade receivables	-	1	-	8
Reversal of long outstanding payables	-	(9)	-	(9)
Reversal of fair value gain on derivative instrument recognised in previous years	-	89	-	89
Share of results of joint ventures	-	53	-	130
Currency exchange loss/(gain) - net	4	101	(23)	100
Adjustment for under provision of tax in respect of prior year	16	-	16	-

1(a)(iii) Results of the discontinued operations are as follow:

	2nd Qtr ended	2nd Qtr ended	6 months ended	6 months ended
	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sale of goods	-	92	-	155
	-	92	-	155
Other income	-	318	-	643
Total revenue	-	410	-	798
Cost and expenses				
Cost of services	-	(90)	-	(122)
Depreciation and amortisation expenses	-	(4)	-	(7)
Employee benefits expenses	-	(25)	-	(78)
Legal and professional expenses	-	-	-	(4)
Operating lease expenses	-	(231)	-	(463)
Other expenses	-	(22)	-	(74)
Total cost and expenses	-	(372)	-	(748)
Profit before income tax from discontinued operations	-	38	-	50
Income tax expense	-	-	-	-
Profit from discontinued operations for the financial period, net of tax	-	38	-	50



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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 Dec 2017</u>	<u>30 June 2017</u>	<u>31 Dec 2017</u>	<u>30 June 2017</u>
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	414	456	345	387
Intangible assets	11,237	11,939	-	-
Subsidiaries	-	-	16,724	16,724
Trade and other receivables	91	91	-	-
Other non-current assets	120	120	3,399	140
	<u>11,862</u>	<u>12,606</u>	<u>20,468</u>	<u>17,251</u>
Current assets				
Trade and other receivables	661	814	71	66
Other current assets	934	949	131	102
Cash and bank balances	35,185	20,165	34,155	19,547
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
	<u>39,002</u>	<u>24,150</u>	<u>36,579</u>	<u>21,937</u>
Total assets	<u>50,864</u>	<u>36,756</u>	<u>57,047</u>	<u>39,188</u>
Equity attributable to owners of the Company				
Share capital	58,680	37,140	58,680	37,140
Reserves	2,303	4,358	1,656	3,666
Accumulated losses	(18,411)	(12,879)	(16,810)	(14,661)
	<u>42,572</u>	<u>28,619</u>	<u>43,526</u>	<u>26,145</u>
Non-controlling interests	<u>(10,111)</u>	<u>(10,025)</u>	<u>-</u>	<u>-</u>
Total equity	<u>32,461</u>	<u>18,594</u>	<u>43,526</u>	<u>26,145</u>
Non-current liabilities				
Financial liabilities	92	12,018	92	12,018
Deferred tax liabilities	1,909	2,029	-	-
	<u>2,001</u>	<u>14,047</u>	<u>92</u>	<u>12,018</u>
Current liabilities				
Trade and other payables	2,223	2,174	118	87
Accruals	1,541	1,222	1,377	923
Financial liabilities	11,934	15	11,934	15
Provision and other liabilities	704	704	-	-
	<u>16,402</u>	<u>4,115</u>	<u>13,429</u>	<u>1,025</u>
Total liabilities	<u>18,403</u>	<u>18,162</u>	<u>13,521</u>	<u>13,043</u>
Total equity and liabilities	<u>50,864</u>	<u>36,756</u>	<u>57,047</u>	<u>39,188</u>

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

Amount repayable in one year or less, or on demand

31 Dec 2017 (\$'000)		30 June 2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
11,934	-	15	-

Amount repayable after one year

31 Dec 2017 (\$'000)		30 June 2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
92	-	100	11,918

Details of collateral

As at 31 December 2017, total borrowings included secured liability of \$107,000 (30 June 2017: \$115,000) for the Group. The secured liability is secured by the rights to a leased motor vehicle.

The remaining unsecured liabilities pertain to Redeemable Convertible Bonds ("**RCB**") of \$12,000,000 (30 June 2017: \$12,000,000) issued by the Company.

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 December 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

	2nd Qtr ended 31 Dec 2017 \$'000	2nd Qtr ended 31 Dec 2016 \$'000	6 months ended 31 Dec 2017 \$'000	6 months ended 31 Dec 2016 \$'000
Cash flows from operating activities				
Loss before income tax from continued operations for the financial period	(3,107)	(1,888)	(5,625)	(3,223)
Profit before income tax from discontinued operations for the financial period	-	38	-	50
	<u>(3,107)</u>	<u>(1,850)</u>	<u>(5,625)</u>	<u>(3,173)</u>
Adjustments for:				
- Interest expenses	273	54	545	204
- Interest income	(48)	(68)	(78)	(102)
- Amortisation of intangible assets	351	351	702	702
- Depreciation of property, plant and equipment	27	20	54	39
- Employee share-based payments expense	448	286	541	286
- Gain on disposal of property, plant and equipment	-	(3)	-	(20)
- Impairment loss on non-trade receivables	-	1	-	8
- Reversal of long outstanding payables	-	(9)	-	(9)
- Reversal of fair value gain on derivative instrument recognised in previous years	-	89	-	89
- Share of results of joint ventures	-	53	-	130
- Exchange differences	(2)	169	(37)	151
	<u>(2,058)</u>	<u>(907)</u>	<u>(3,898)</u>	<u>(1,695)</u>
Operating cash flows before working capital changes				
Changes in working capital:				
- Inventories	-	88	-	71
- Trade and other receivables	(1)	(113)	53	(248)
- Other current assets	(21)	-	34	21
- Trade and other payables	(194)	(187)	(199)	(86)
Cash used in operations	<u>(2,274)</u>	<u>(1,119)</u>	<u>(4,010)</u>	<u>(1,937)</u>
Income tax paid	(16)	(1)	(16)	(1)
	<u>(2,290)</u>	<u>(1,120)</u>	<u>(4,026)</u>	<u>(1,938)</u>
Net cash used in operating activities				
Cash flows from investing activities				
Interest received	48	68	78	102
Purchase of property, plant and equipment	(5)	(21)	(14)	(21)
Proceeds from disposal of property, plant and equipment	1	4	1	31
	<u>44</u>	<u>51</u>	<u>65</u>	<u>112</u>
Net cash from investing activities				



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Unaudited Financial Statement for the financial period ended 31 December 2017

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

	2nd Qtr ended 31 Dec 2017 \$'000	2nd Qtr ended 31 Dec 2016 \$'000	6 months ended 31 Dec 2017 \$'000	6 months ended 31 Dec 2016 \$'000
Cash flows from financing activities				
Interest paid	(1)	(1,577)	(2)	(1,584)
Net proceeds from issuance of ordinary shares	-	10,784	-	10,784
Proceeds from exercise of warrants	-	3,323	18,988	3,323
Release of pledged fixed deposits	61	-	61	-
Repayment of finance lease	(3)	(8)	(7)	(16)
Repayment of bank borrowings	-	(49)	-	(98)
Repayment of convertible loan	-	(7,000)	-	(7,000)
Net cash from financing activities	57	5,473	19,040	5,409
Net (decrease)/increase in cash and cash equivalents	(2,189)	4,404	15,079	3,583
Cash and cash equivalents at beginning of the financial period	37,375	4,480	20,104	5,282
Net effects of exchange rate changes on cash and cash equivalents	(1)	(51)	2	(32)
Cash and cash equivalents at end of the financial period (Note A)	35,185	8,833	35,185	8,833

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:

	6 months ended 31 Dec 2017 \$'000	6 months ended 31 Dec 2016 \$'000
Cash at bank and on hand	5,158	7,833
Short-term bank deposits	30,027	1,061
Cash and bank balances per Group statement of financial position	35,185	8,894
Less: Deposits placed with banks as security	-	(61)
Cash and cash equivalents per consolidated statement of cash flows	35,185	8,833

Unaudited Financial Statement for the financial period ended 31 December 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 2018									
Balance as at 1 July 2017	37,140	82	(44)	873	3,447	(12,879)	28,619	(10,025)	18,594
Total comprehensive income									
- Loss for the financial period	-	-	-	-	(1)	(5,534)	(5,535)	13	(5,522)
Other comprehensive income for the financial period									
- Foreign currency translation differences from foreign subsidiaries	-	-	(41)	-	-	-	(41)	7	(34)
- Realisation of foreign currency translation on liquidation of a foreign subsidiary	-	-	(2)	-	-	2	-	-	-
Total comprehensive income for the financial period	-	-	(43)	-	(1)	(5,532)	(5,576)	20	(5,556)
Contribution by and distributions to owner									
Issue of shares:									
Conversion of warrants to ordinary shares	18,988	-	-	-	-	-	18,988	-	18,988
	18,988	-	-	-	-	-	18,988	-	18,988
Others									
Expiry of warrants	33	-	-	-	(33)	-	-	-	-
Employee share-based payment expenses	-	-	-	541	-	-	541	-	541
Transfer on conversion from warrants to shares	2,519	-	-	-	(2,519)	-	-	-	-
Waiver of amount owing by a minority shareholder	-	-	-	-	-	-	-	(106)	(106)
	2,552	-	-	541	(2,552)	-	541	(106)	435
Balance as at 31 December 2017	58,680	82	(87)	1,414	894	(18,411)	42,572	(10,111)	32,461

Unaudited Financial Statement for the financial period ended 31 December 2017

<u>Group</u>	<u>Share capital</u>	<u>Equity component of convertible bonds</u>	<u>Foreign currency translation reserve</u>	<u>Share option reserve</u>	<u>Other capital reserves</u>	<u>Accumulated losses</u>	<u>Total attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
FY 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	154,474	-	(34)	54	4,377	(132,438)	26,433	(9,107)	17,326
<u>Total comprehensive income</u>									
- Loss for the financial period	-	-	-	-	-	(2,917)	(2,917)	(138)	(3,055)
<u>Other comprehensive income for the financial period</u>									
- Foreign currency translation differences from foreign subsidiaries	-	-	135	-	-	-	135	(14)	121
Total comprehensive income for the financial period	-	-	135	-	-	(2,917)	(2,782)	(152)	(2,934)
Contribution by and distributions to owner									
Issue of shares:									
Conversion from warrants to shares	3,323	-	-	-	-	-	3,323	-	3,323
Private placements ^(Note A)	10,933	-	-	-	-	-	10,933	-	10,933
- private placement expense	(149)	-	-	-	-	-	(149)	-	(149)
	14,107	-	-	-	-	-	14,107	-	14,107
Others									
Employee share-based payment expenses	-	-	-	286	-	-	286	-	286
Balance as at 31 December 2016	168,581	-	101	340	4,377	(135,355)	38,044	(9,259)	28,785

Note A: On 15 November 2016 and 9 December 2016, an aggregate of 1,280,000,000 new ordinary shares were issued pursuant to the private placements announced on 24 October 2016, 25 November 2016 and 28 November 2016.



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Unaudited Financial Statement for the financial period ended 31 December 2017

Company

	<u>Share capital</u>	Equity component of <u>convertible bonds</u>	<u>Share option</u> <u>reserve</u>	<u>Other capital</u> <u>reserves</u>	<u>Accumulated</u> <u>losses</u>	Total equity \$'000
FY 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2017	37,140	82	873	2,711	(14,661)	26,145
Total comprehensive income for the financial period	-	-	-	1	(2,149)	(2,148)
Conversion from warrants to shares	18,988	-	-	-	-	18,988
Expiry of warrants	33	-	-	(33)	-	-
Employee share-based payment expenses	-	-	541	-	-	541
Transfer on conversion from warrants to shares	2,519	-	-	(2,519)	-	-
Balance as at 31 December 2017	58,680	82	1,414	160	(16,810)	43,526
FY 2017						
Balance as at 1 July 2016	154,474	-	54	3,641	(135,302)	22,867
Total comprehensive income for the financial period	-	-	-	-	(1,101)	(1,101)
Employee share-based payment expenses	-	-	286	-	-	286
Conversion from warrants to shares	3,323	-	-	-	-	3,323
Private placements ^(Note A)	10,933	-	-	-	-	10,933
- private placement expense	(149)	-	-	-	-	(149)
Balance as at 31 December 2016	168,581	-	340	3,641	(136,403)	36,159

Unaudited Financial Statement for the financial period ended 31 December 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>Q2 FY2018</u>	<u>Q2 FY2017</u>
As at beginning of the period	10,038,683,403	5,113,729,645
Issuance of new ordinary shares pursuant to:		
- exercise of warrants	-	474,778,868
- private placements	-	1,280,000,000
As at end of the period	<u>10,038,683,403</u>	<u>6,868,508,513</u>

The issued share capital of the Company as at 31 December 2017 comprises 10,038,683,403 (31 December 2016: 6,868,508,513) ordinary shares.

B) Share options - DISA Employee Share Option Scheme 2010 ("ESOS")

	<u>Q2 FY2018</u>	<u>Q2 FY2017</u>
As at beginning of the period	59,000,000	10,000,000
Add: Share options granted on 8 December 2016	-	26,000,000
Share options granted on 1 November 2017	212,000,000	-
Share options granted on 13 November 2017	4,000,000	-
Share options granted on 28 November 2017	27,000,000	-
Less: Share options forfeited	(9,000,000)	-
As at end of the period	<u>293,000,000</u>	<u>36,000,000</u>

C) Treasury shares

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

D) Subsidiary holdings

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

E) Convertible bonds

As at 31 December 2017, the outstanding convertible bonds of the Company which are convertible at the Investors' option into up to 1,287,272,728 ordinary shares of the Company pursuant to the terms of the RCB agreement (31 December 2016: Nil) (refer 1(b)(ii)).

F) Warrants

No outstanding warrants were issued by the Company as at 31 December 2017 (31 December 2016: 3,201,398,188) which have expired on 2 August 2017.

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 Dec 2017</u>	<u>30 June 2017</u>
Total number of ordinary issued shares excluding treasury shares	<u>10,038,683,403</u>	<u>7,326,139,103</u>

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.

Unaudited Financial Statement for the financial period ended 31 December 2017

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.

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 year compared with the audited financial statements for the financial year ended 30 June 2017.

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 2017. 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.

Basic and diluted earnings per share (cents per share)

From continuing operations attributable to equity owners of the Company
From discontinued operations attributable to equity owners of the Company
- Weighted average number of ordinary shares in issue

Group		Group	
2nd Qtr ended 31 Dec 2017	2nd Qtr ended 31 Dec 2016	6 months ended 31 Dec 2017	6 months ended 31 Dec 2016
(0.03)	(0.03)	(0.07)	(0.05)
-	0.00	-	0.00
10,038,683,403	5,512,677,280	8,365,814,781	5,313,203,462

As the exercise / conversion of the share options, convertible bonds 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.**

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

Group		Company	
As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017
0.32	0.25	0.43	0.36

The net asset value per ordinary share attributable to owners of the Company and non-controlling interests is computed based on 10,038,683,403 (30 June 2017: 7,326,139,103) ordinary shares as at 31 December 2017.

Unaudited Financial Statement for the financial period ended 31 December 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 (Second Quarter Ended 31 December 2017 ("Q2 FY2018") versus Second Quarter Ended 31 December 2016 ("Q2 FY2017") and Half Year Ended 31 December 2017 ("1H FY2018") versus Half Year Ended 31 December 2016 ("1H FY2017"))

Continuing operations

i) Revenue

The Group's revenue decreased by \$52,000 (or 53.1%) from \$98,000 in Q2 FY2017 to \$46,000 in Q2 FY2018. This was mainly due to decrease in sales in Energy Management Services segment of \$87,000; partially mitigated by the increase in sales in Technology segment of \$35,000. The decrease in sales in Energy Management Services segment was mainly due to lower revenue generated from consultancy services while the increase in sales in Technology segment was mainly due to revenue generated from sales of DiSa codes during Q2 FY2018.

On a year-to-date ("YoY") comparison, the Group's revenue decreased by \$53,000 (or 36.3%) from \$146,000 in 1H FY2017 to \$93,000 in 1H FY2018. This was mainly due to decrease in sales in Energy Management Services segment of \$117,000; partially mitigated by increase in sales in Technology segment of \$64,000. The decrease in sales in Energy Management Services segment was mainly due to lower revenue generated from consultancy services while the increase in sales in Technology segment was due to revenue generated from sales of DiSa codes. The breakdown of revenue is represented in Table A below:

Table A

	2nd Qtr ended 31 Dec 2017 \$'000	% to total revenue	2nd Qtr ended 31 Dec 2016 \$'000	% to total revenue	6 months ended 31 Dec 2017 \$'000	% to total revenue	6 months ended 31 Dec 2016 \$'000	% to total revenue
Technology	35	76.1%	-	0.0%	64	68.8%	-	0.0%
Energy Management Services	11	23.9%	98	100.0%	29	31.2%	146	100.0%
	46	100.0%	98	100.0%	93	100.0%	146	100.0%

ii) Other income

Other income decreased by \$78,000 (or 58.6%) from \$133,000 in Q2 FY2017 to \$55,000 in Q2 FY2018. This was mainly attributable to (i) decrease in rental income of \$35,000 from the leasing of office space due to expiry of lease agreement; (ii) decrease in interest income of \$20,000; and (iii) decrease in rental income from related parties of \$19,000 from the usage of facilities at the Company's current operating office.

On YoY basis, other income decreased by \$264,000 (or 74.8%) from \$353,000 in 1H FY2018 as compared to \$89,000 in 1H FY2017. This was mainly attributable to (i) decrease in rental income of \$201,000 from the leasing of office space due to expiry of lease agreement; (ii) decrease in interest income of \$24,000; and (iii) decrease in rental income of \$38,000 from the usage of facilities at the Company's current operating office.

iii) Cost and expenses

The total cost and expenses increased by \$923,000 (or 45.9%) from \$2,012,000 in Q2 FY2017 to \$2,935,000 in Q2 FY2018. This was mainly due to (i) higher depreciation of property, plant and equipment of \$11,000; (ii) increase in employee benefits expenses of \$963,000, mainly due to new share options of \$162,000 being granted in Q2 FY2018 and increase in management resources of \$663,000 to support the expansion plans of Point-of-Sale Activation Solution beyond the United States market to South America and Europe; (iii) increase in operating lease expenses of \$33,000 due to two new offices in United States; and (iv) increase in other expenses of \$30,000; partially offset by (i) decrease in cost of services ("COS") of \$55,000, mainly due to lower COS recorded by the Energy Management Services segment, in line with the decrease in sales in Energy Management Services segment; and (ii) decrease in legal and professional fee of \$59,000. The increase in other expenses was mainly due to (i) higher directors' fee of \$27,000, mainly due to newly appointed directors during the financial year 30 ended 2017 ("FY2017"); (ii) higher donations of \$4,000; (iii) higher research and development expenses of \$30,000; (iv) higher marketing and business development expenses of \$35,000; (v) higher fixed assets expensed off of \$55,000; (vi) higher recruitment expenses of \$59,000; (vii) higher telephone, internet and fax expenses of \$20,000; (viii) higher transportation and travelling expense of \$36,000; partially offset by (i) lower upkeep of computer and premises expenses of \$58,000; (ii) reversal of fair value gain on derivative instrument recognised in previous years of \$89,000 in Q2 FY2017; and (iii) net gain of \$91,000 in foreign currency movement.

Unaudited Financial Statement for the financial period ended 31 December 2017

The total cost and expenses increased by \$1,874,000 (or 55.3%) from \$3,388,000 in 1H FY2017 to \$5,262,000 in 1H FY2018. This was mainly due to (i) higher depreciation of property, plant and equipment of \$22,000; (ii) increase in employee benefits expenses of \$1,740,000, mainly due to new share options of \$255,000 being granted and increase in management resources of \$1,170,000 to support the expansion of Point of Sale Activation beyond the US market to South America and Europe; and (iii) increase in other expenses of \$321,000; partially offset by (i) decrease in COS of \$85,000, mainly due to lower COS recorded by the Energy Management Services segment during the financial period as mentioned above which in line with the decrease in sales of the Energy Management Services segment; (ii) decrease in legal and professional fee of \$48,000; (iii) lower operating lease expenses of \$68,000, mainly due to expiry of lease agreement; and (v) impairment loss on non-trade receivables of \$8,000 in 1H FY2017. The increase in other expenses was mainly attributable to (i) higher directors' fee of \$61,000, mainly due to newly appointed directors during FY2017; (ii) higher fixed assets expensed off of \$90,000; (iii) higher recruitment expense of \$200,000; (iv) higher telephone, internet and fax expenses of \$73,000; (v) higher transportation and travelling expenses of \$76,000 for business purposes; (vi) higher research and development expenses of \$51,000; and (vii) higher marketing and business development expenses of \$71,000; partially offset by (i) lower fees paid in relation to the upkeep of computer and premises expenses of \$99,000; (ii) reversal of fair value gain on derivative instrument recognised in previous years of \$89,000 in 1H FY2017; and (iii) net gain of \$117,000 in foreign currency movement.

Finance costs increased by \$219,000 from \$54,000 in Q2 FY2017 to \$273,000 in Q2 FY2018. This was mainly due to the interest expenses arising from the redeemable convertible bonds.

On YoY basis, finance costs increased by \$341,000 for 1H FY2018 as compared to 1H FY2017 due to reasons as explained above.

No share of results of joint ventures recorded in Q2 FY2018 and 1H FY2018 as compared to share of loss of \$53,000 and \$130,000 in Q2 FY2017 and 1H FY2017 respectively, due to disposal of investment in joint ventures in FY2017.

Due to the reasons above, the Group recorded a net loss before tax from continuing operations of \$3,107,000 and \$5,625,000 in Q2 FY2018 and 1H FY2018 respectively.

(B) Statements of Financial Position

Total assets of the Group increased by \$14,108,000 from \$36,756,000 as at 30 June 2017 to \$50,864,000 as at 31 December 2017, and were mainly due to the following:

- i) Property, plant and equipment decreased by \$42,000, and was mainly due to the depreciation charge during the financial period; offset by the addition of \$14,000 of fixed assets during the financial period.
- ii) Intangible assets represent core technology of DiSa Asset Protection system. Intangible asset decreased by \$702,000 from \$11,939,000 as at 30 June 2017 to \$11,237,000 as at 31 December 2017. This was mainly due to an amortisation charge during the financial period.
- iii) Total trade and other receivables decreased by \$153,000 from \$905,000 as at 30 June 2017 to \$752,000 as at 31 December 2017. This was mainly due to waiver of debts due from a minority shareholder of the Company's subsidiary and repayment from customers during the financial period.
- iv) Increase in cash and balances of \$15,020,000 (Refer to explanation in "8(C) Cash flow" below).

Total liabilities of the Group increased by \$241,000 from \$18,162,000 as at 30 June 2017 to \$18,403,000 as at 31 December 2017, and were mainly due to the following:

- i) Trade and other payables increased by \$49,000 from \$2,174,000 as at 30 June 2017 to \$2,223,000 as at 31 December 2017 and this was mainly due to slower repayment to creditors during the financial period.
- ii) Total accruals increased by \$319,000 from \$1,222,000 as at 30 June 2017 to \$1,541,000 as at 31 December 2017. This was mainly due to increase in accrued interest of \$543,000 mainly resulting from the redeemable convertible bonds; partially offset by decrease in accrued staff costs of \$56,000; and decrease in accrued operating costs of \$168,000 during the financial period.
- iii) Total financial liabilities decreased by \$7,000 from \$12,033,000 as at 30 June 2017 to \$12,026,000 as at 31 December 2017 and this was mainly due to repayment of finance lease of \$7,000.
- iv) Deferred tax liabilities decreased by \$120,000 from \$2,029,000 as at 30 June 2017 to \$1,909,000 as at 31 December 2017 and this was mainly due to reversal of amortisation charge during the financial period.

(C) Cash Flows

i) Q2 FY2018 vs Q2 FY2017

The Group recorded a net decrease in cash and cash equivalents of \$2,189,000 in Q2 FY2018 compared to net increase in cash and cash equivalents of \$4,404,000 in Q2 FY2017, mainly due to funds generated/utilised as follows:

Net cash outflow from operating activities for Q2 FY2018 was \$2,290,000. This comprised operating cash outflows before working capital changes of \$2,058,000 which is mainly due to the loss before income tax for the financial period and adjusted for net working capital outflow of \$216,000. The net working capital outflow was due to the increase in trade and other receivables of \$1,000; increase in other current assets of \$21,000; and decrease in trade and other payables of \$194,000.

Net cash from investing activities for Q2 FY2018 amounted to \$44,000 mainly due to interest received of \$48,000 and proceeds from disposal of property, plant and equipment of \$1,000; partially offset by purchase of property, plant and equipment of \$5,000.

Net cash from financing activities for Q2 FY2018 amounted to \$57,000 mainly due withdrawal of fixed deposit placed with bank as security of \$61,000; partially offset by interest paid of \$1,000; and repayment of finance lease of \$3,000.

ii) 6M FY2018 vs 6M FY2017

Cash and bank balances (net of overdraft and deposits placed with a bank as security) (refer to 1(C)(ii)) increased by approximately \$15,081,000 from \$20,104,000 as at 30 June 2017 to \$35,185,000 as at 31 December 2017, mainly due to funds generated/utilised as follows:

Net cash outflow for operating activities for 6M FY2018 was \$4,026,000. This comprised operating cash flows before working capital changes of \$3,898,000 which is mainly due to the loss before income tax for the financial period and adjusted for net working capital outflow of \$112,000. The net working capital outflow was the result of decrease in trade and other receivables of \$53,000; and decrease in other current assets of \$34,000; partially offset by decrease in trade and other payables of \$199,000.

Net cash from investing activities for 6M FY2018 amounted to \$65,000 mainly due to interest received of \$78,000 and proceeds from disposal of property, plant and equipment of \$1,000; partially offset by purchase of property, plant and equipment of \$14,000.

Net cash from financing activities for 6M FY2018 amounted to \$19,040,000 mainly due to proceeds from exercise of warrants of \$18,988,000 and withdrawal of fixed deposit placed with bank as security of \$61,000; partially offset by interest paid of \$2,000; and repayment of finance lease of \$7,000.

(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**"). Net proceeds of \$2.97 million was raised. The Company had fully utilised the net proceeds for working capital expenditure and repayment of accrued interest from convertible loans purposes as at 31 December 2017.

	Private Placement \$'000
Net proceeds raised	2,970
Less: Utilisations	
- Working capital expenditures ^(Note A)	(1,394)
- Repayment of accrued interest from convertible loan	(1,576)
Balance as at 31 December 2017	<u>-</u>

Note A: Working capital expenditures consisted of non-trade payments, directors' fee, staff salaries and related expenses.

To date, the utilisation of proceeds arising from the Private Placement is consistent with the intended use as described in the use of proceeds announcements dated 25 November 2016.

Unaudited Financial Statement for the financial period ended 31 December 2017

ii) Warrants

As at 31 December 2017, 3,642,453,758 warrants ("**Warrants Exercise**") has been exercised since the issue of the warrants and a total proceed of about \$25.5 million was raised. The rights to subscribe for new ordinary shares in the capital of the Company by way of exercise of the warrants had expired on 2 August 2017. The status of the proceeds is as follow:

	Warrants Exercise \$'000
Net proceeds raised	25,497
Less: Utilisations	
- Working capital expenditures ^(Note A)	(3,640)
- Repayment of loans ^(Note B)	(1,173)
Balance as at 31 December 2017	<u>20,684</u>

Note A: Working capital expenditures consisted of non-trade payments, purchase of fixed assets, staff salaries and related expenses.

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

iii) Convertible bonds

On 27 December 2016, the Company entered into a RCB agreement with Investors pursuant to which, the Investors agreed to subscribe for an aggregate subscription amount of \$12 million pursuant to the terms of the RCB agreement. No proceeds were utilised as at 31 December 2017.

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.

There is increasing interest shown in the Group's innovative Point of Sales Activation ("PoSA") technology in the United States ("US"). To complement PoSA, the Group has developed other technologies to assist US retailers in managing their return fraud problem. These technologies are intended to provide a comprehensive solution to US retailers by minimising or avoiding shrinkage and return fraud and extend to a wide range of electronic and non-electronic retail products.

The Group is actively expanding its presence in the US to market its technologies. In addition to hiring additional experienced marketing executives, the Group has also expanded its ground support centres from Bentonville and Minneapolis (home office locations for three of the largest US retailers Walmart, Target and Best Buy) to Seattle, Washington (where Amazon is located). These high level interactions will deepen and broaden relationships with existing and potential customers. Barring unforeseen circumstances, the Group is cautiously optimistic about continuous improvement in the adoption of its innovative technologies by retailers in the US.

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 December 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 December 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
Managing Director/Chief Executive Officer

13 February 2018

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 December 2017 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

CHNG WENG WAH
Managing Director/Chief Executive Officer

13 February 2018

LAU KAY HENG
Non-Executive and Independent Director