

DISA LIMITED
(Registration No. 197501110N)

Condensed interim financial statements
For the six months ended 31 December 2022

DISA LIMITED

(Company Registration No. 197501110N)

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This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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DISA LIMITED*(Company Registration No. 197501110N)***Condensed interim consolidated statement of comprehensive income**

	Note	Group		Increase/ (Decrease) %
		1H FY2023 31 Dec 2022 \$'000	1H FY2022 31 Dec 2021 \$'000	
Revenue	4	7,290	12,963	(43.8)
Other income				
- Interest		9	3	N.M.
- Others		870	107	N.M.
Total revenue		<u>8,169</u>	<u>13,073</u>	(37.5)
Expenses				
Cost of inventories		(6,906)	(12,320)	(43.9)
Subcontractor expenses		(10)	(22)	(54.5)
Depreciation expenses		(144)	(160)	(10.0)
Staff costs		(945)	(1,177)	(19.7)
Legal and professional expenses		(98)	(110)	(10.9)
Other expenses		(336)	(296)	13.5
Finance costs		(7)	(17)	(58.8)
Total expenses		<u>(8,446)</u>	<u>(14,102)</u>	(40.1)
Share of results of an associated company		(235)	-	N.M.
Loss before tax	7	(512)	(1,029)	(50.2)
Tax expense		(1)	-	N.M.
Loss for the financial period		<u>(513)</u>	<u>(1,029)</u>	(50.1)
Other comprehensive (loss)/income:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(29)	3	N.M.
Total comprehensive loss for the financial period		<u>(542)</u>	<u>(1,026)</u>	(47.2)
Loss attributable to:				
Equity holders of the Company		(513)	(1,025)	(50.0)
Non-controlling interests		-	(4)	N.M.
Loss for the financial period		<u>(513)</u>	<u>(1,029)</u>	(50.1)
Total comprehensive loss attributable to:				
Equity holders of the Company		(542)	(1,022)	(47.0)
Non-controlling interests		-	(4)	N.M.
Total comprehensive loss for the financial period		<u>(542)</u>	<u>(1,026)</u>	(47.2)
Loss per share for the period attributable to equity holders of the Company				
(Cent per share)				
Basic and diluted		<u>(0.01)</u>	<u>(0.01)</u>	-

N.M. – not meaningful

DISA LIMITED*(Company Registration No. 197501110N)***Condensed interim consolidated statements of financial position**

	Note	Group		Company	
		As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Non-current assets					
Property, plant and equipment	11	334	483	208	247
Intangible assets	12	-	-	-	-
Investment in an associated company		1,213	627	-	-
Financial assets at fair value through other comprehensive income	13	-	-	-	-
Total non-current assets		1,547	1,110	208	247
Current assets					
Inventories		86	65	-	-
Trade receivables		1,084	1,264	-	-
Other current assets		620	109	214	895
Cash and cash equivalents		2,042	3,049	965	927
Total current assets		3,832	4,487	1,179	1,822
Total assets		5,379	5,597	1,387	2,069
Non-current liabilities					
Borrowings	14	37	66	37	41
Total non-current liabilities		37	66	37	41
Current liabilities					
Trade and other payables		458	105	75	40
Contract liabilities		40	46	-	-
Accruals		647	588	425	361
Borrowings	14	101	186	11	14
Provision for income tax		-	30	-	-
Total current liabilities		1,246	955	511	415
Total liabilities		1,283	1,021	548	456
Net assets		4,096	4,576	839	1,613
Equity					
Share capital	15	58,884	58,884	58,884	58,884
Other reserves		5,336	5,303	5,508	5,446
Accumulated losses		(60,124)	(59,611)	(63,553)	(62,717)
Total equity		4,096	4,576	839	1,613

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Condensed consolidated statements of changes in equity
Group

	Note	Share capital \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Capital reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
1H FY2023										
Balance as at 1 July 2022	15	58,884	7	5,205	241	(150)	(59,611)	4,576	-	4,576
Loss for the financial period		-	-	-	-	-	(513)	(513)	-	(513)
Other comprehensive loss										
Currency translation differences arising on consolidation		-	(29)	-	-	-	-	(29)	-	(29)
Total comprehensive loss for the financial period		-	(29)	-	-	-	(513)	(542)	-	(542)
Employee share-based payment expenses		-	-	62	-	-	-	62	-	62
Balance as at 31 December 2022		58,884	(22)	5,267	241	(150)	(60,124)	4,096	-	4,096
1H FY2022										
Balance as at 1 July 2021	15	58,680	2	5,090	241	(150)	(57,609)	6,254	-	6,254
Loss for the financial period		-	-	-	-	-	(1,025)	(1,025)	(4)	(1,029)
Other comprehensive loss										
Currency translation differences arising on consolidation		-	3	-	-	-	-	3	-	3
Total comprehensive loss for the financial period		-	3	-	-	-	(1,025)	(1,022)	(4)	(1,026)
Issue of shares to non-controlling shareholders		-	-	-	-	-	-	-	1	1
Employee share-based payment expenses		-	-	28	-	-	-	28	-	28
Employee share option exercised		204	-	(68)	-	-	-	136	-	136
Balance as at 31 December 2021		58,884	5	5,050	241	(150)	(58,634)	5,396	(3)	5,393

DISA LIMITED*(Company Registration No. 197501110N)***Condensed consolidated statements of changes in equity (cont'd)****Company**

	Note	Share capital \$'000	Share option reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<u>1H FY2023</u>						
Balance as at 1 July 2022	15	58,884	5,205	241	(62,717)	1,613
Loss and total comprehensive loss for the financial period		-	-	-	(836)	(836)
Employee share-based payment expenses		-	62	-	-	62
Balance as at 31 December 2022		58,884	5,267	241	(63,553)	839
<u>1H FY2022</u>						
Balance as at 1 July 2021	15	58,680	5,090	241	(61,086)	2,925
Loss and total comprehensive loss for the financial period		-	-	-	(740)	(740)
Employee share-based payment expenses		-	28	-	-	28
Employee share option exercised		204	(68)	-	-	136
Balance as at 31 December 2021		58,884	5,050	241	(61,826)	2,349

DISA LIMITED*(Company Registration No. 197501110N)***Condensed interim consolidated statement of cash flows**

	Note	Group	
		1H FY2023 \$'000	1H FY2022 \$'000
Cash flows from operating activities			
Loss before tax		(513)	(1,029)
Adjustments for:			
Depreciation of property, plant and equipment		144	160
Employee share-based payment expenses		62	28
Interest expenses		7	17
Interest income		(9)	(3)
Share of results of an associated company		235	-
Gain on lease modification		-	(3)
Gain on disposal of property, plant and equipment		-	(92)
Gain on dilution of interest in associated company		(822)	-
Operating cash flows before movements in working capital		(896)	(922)
Income taxes paid		(30)	-
Inventories		(24)	(3)
Trade and other receivables		(435)	(751)
Trade and other payables		458	(92)
Contract liabilities		(4)	-
Currency translation adjustments		(72)	(9)
Net cash used in operating activities		(1,003)	(1,777)
Cash flows from investing activities			
Interest received		6	3
Purchase of property, plant and equipment		-	(224)
Proceeds from disposal of property, plant and equipment		-	147
Net cash generated from/(used in) investing activities		6	(74)
Cash flows from financing activities			
Interest paid		(7)	(17)
Proceeds from exercise of share options		-	136
Repayment of lease liabilities		(105)	(182)
Net cash used in financing activities		(112)	(63)
Net decrease in cash and cash equivalents		(1,109)	(1,914)
Cash and cash equivalents at beginning of the financial period		3,049	5,111
Effects of exchange rate changes on cash and cash equivalents		102	11
Cash and cash equivalents at end of the financial period		2,042	3,208

DISA LIMITED

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Notes to the condensed interim consolidated financial statements

1. Corporate information

DISA Limited (the "Company") is incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). These condensed interim consolidated financial statements for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The primary activities of the Company are those relating to an investment holding company.

The principal activities of the Group are those of provision of digital security, anti-theft and anti-counterfeiting solutions and trading of semiconductor devices.

2. Basis of preparation

2.1. Statement of compliance

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last financial statements for the year ended 30 June 2022.

The accounting policies adopted and methods of computation applied are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.3.

2.2. Functional and presentation currencies

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.3. New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.4. Use of judgements and estimates

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in this set of interim financial statements

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

DISA LIMITED*(Company Registration No. 197501110N)***Notes to the condensed interim consolidated financial statements** *(cont'd)***4. Revenue**

The Group derives revenue from the sale of goods at a point in time. The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market.

Group

	Sales of goods and services	
	1H FY2023	1H FY2022
	\$'000	\$'000
Primary geographical market		
Singapore	2,619	145
United States	115	237
Hong Kong	4,223	12,493
People's Republic of China	333	88
	<u>7,290</u>	<u>12,963</u>

5. Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are technology and investment holding. Management monitors the operating results of its business units separately for making decisions the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

	Technology		Investment holdings		Total	
	1H FY2023	1H FY2022	1H FY2023	1H FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:						
Sales to external customers, representing total revenue	7,290	12,963	-	-	7,290	12,963
Segment results, net of tax	320	(302)	(833)	(727)	(513)	(1,029)
- Interest expense	(6)	(15)	(1)	(2)	(7)	(17)
- Depreciation and amortisation	(105)	(112)	(39)	(48)	(144)	(160)
<u>Other significant non-cash expenses:</u>						
- Gain on dilution of interest in associated company	822	-	-	-	822	-
- Share-based payment expenses	-	-	(62)	(28)	(62)	(28)
Segment assets	4,189	4,074	1,190	2,535	5,379	6,609
Additions to non-current assets	-	3	-	221	-	224
Segment liabilities	736	827	547	389	1,283	1,216

DISA LIMITED*(Company Registration No. 197501110N)***Notes to the condensed interim consolidated financial statements** *(cont'd)***6. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 30 June 2022.

	Group		Company	
	31 Dec 22	30 Jun 22	31 Dec 22	30 Jun 22
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets at amortised costs	3,432	4,355	1,166	1,817
	3,432	4,355	1,166	1,817
<i>Financial liabilities</i>				
At amortised costs	1,069	766	390	302

7. Loss before tax

	Group	
	1H FY2023	1H FY2022
	\$'000	\$'000
Loss before tax is arrived at after charging/(crediting):		
Audit fees paid to:		
- Auditors of the Company	36	30
- Other auditors	-	4
Directors' fees	69	69
Gain on dilution of interest in associated company	(822)	-
Gain on disposal of property, plant and equipment	-	(92)
Gain on lease modification	-	(3)
Research and development expense	66	73
Foreign currency exchange losses/(gains), net	76	(6)
Upkeep of computer	53	58

No non-audit fee was paid to the auditors of the Company and other auditors during 1H FY2023 and 1H FY2022.

DISA LIMITED*(Company Registration No. 197501110N)***Notes to the condensed interim consolidated financial statements** *(cont'd)***8. Related party transactions**

- (a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not member of the Group during the financial period on terms agreed by the parties concerned:

	Group	
	1H FY2023	1H FY2022
	\$'000	S\$'000
<i>With an associated company</i>		
Sales of goods and services	91	-
<i>With other related party</i>		
Rental paid – leasehold properties	75	80
<i>With a director of the Company</i>		
Royalties	10	22

- (b) Key management personnel compensation is analysed as follows:

	Group	
	1H FY2023	1H FY2022
	\$'000	S\$'000
Salaries and bonuses	606	731
Fees and other benefits	69	69
Employer's contribution to defined contribution plans	23	33
Share-based payments	117	228
	815	1,061

9. Dividends

No dividend has been paid in both financial years in view that the Company was loss making and the Board will re-assess the Company's dividend policy as part of its capital allocation decision when it is profitable.

10. Net assets value

	Group		Company	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
Net asset value per ordinary share (cents per share)	0.04	0.05	0.01	0.02

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Notes to the condensed interim consolidated financial statements (cont'd)

11. Property, plant and equipment

<u>Group</u>	Furniture and fittings and renovation	Other equipment	Motor vehicles	Leasehold properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1H FY2023					
Cost					
Balance at 1 July 2022	33	58	441	455	987
Currency translation differences	-*	-*	-	(14)	(14)
Balance at 31 December 2022	33	58	441	441	973
Accumulated depreciation					
Balance at 1 July 2022	31	52	153	268	504
Depreciation charge	1	2	44	97	144
Currency translation differences	-*	-*	-	(9)	(9)
Balance at 31 December 2022	32	54	197	356	639
Net carrying value					
Balance at 31 December 2022	1	4	244	85	334

<u>Group</u>	Furniture and fittings and renovation	Other equipment	Motor vehicles	Leasehold properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1H FY2022					
Cost					
Balance at 1 July 2021	52	63	620	456	1,191
Additions	-	3	222	-	225
Disposals	(18)	(2)	(400)	-	(420)
Currency translation differences	-*	-*	-	3	3
Balance at 31 December 2021	34	64	442	459	999
Accumulated depreciation					
Balance at 1 July 2021	27	59	415	69	570
Depreciation charge	5	1	54	101	161
Disposals	(3)	(2)	(360)	-	(365)
Currency translation differences	-*	-*	-	-*	-*
Balance at 31 December 2021	29	58	109	170	366
Net carrying value					
Balance at 31 December 2021	5	6	333	289	633

* Amount below \$1,000

DISA LIMITED*(Company Registration No. 197501110N)***Notes to the condensed interim consolidated financial statements** *(cont'd)***12. Intangible assets**

	Group		
	Core technology \$'000	Development costs \$'000	Total \$'000
Cost			
Balance as at 1 July 2021, 30 June 2022 and 31 December 2022	31,624	609	32,233
Accumulated amortisation and impairment losses			
Balance as at 1 July 2021, 30 June 2022 and 31 December 2022	31,624	609	32,233
Net carrying value			
Balance as at 1 July 2021, 30 June 2022 and 31 December 2022	-	-	-

Core technology and development costs

The intangible assets are in respect of core technology (including asset protection technology) and development cost acquired via acquisition of a subsidiary which have collectively been determined as a cash-generating unit ("CGU") (under the Technology segment). The intangible assets have been fully impaired during the financial year ended 30 June 2019.

As at 31 December 2022, the management has assessed that there is no indication that impairment loss recognized in prior years for intangible assets may no longer exist or may have decreased, hence no reversal of the previously impaired amount was made.

13. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Financial asset designated at FVOCI</i>	-	-

DISA LIMITED*(Company Registration No. 197501110N)***Notes to the condensed interim consolidated financial statements** *(cont'd)***14. Borrowings**

	Group		Company	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
<i>Non-current</i>				
<u>Secured</u>				
Lease liabilities – third parties*	37	66	37	41
<i>Current</i>				
<u>Secured</u>				
Lease liabilities – third parties*	11	14	11	14
<u>Unsecured</u>				
Lease liabilities – third parties	54	58	-	-
Lease liabilities – related parties	36	114	-	-
	101	186	11	14

*Secured over the lease of motor vehicles.

15. Share Capital

	Group and Company			
	<u>1H FY2023</u>		<u>FY2022</u>	
	Number of issued shares ('000)	Total share capital \$'000	Number of issued shares ('000)	Total share capital \$'000
Beginning of reporting period	10,106,683	58,884	10,038,683	58,680
Issue of ordinary shares by virtue of exercise of share options	-	-	68,000	136
Transfer from share options reserve	-	-	-	68
End of reporting period	10,106,683	58,884	10,106,683	58,884

The Company did not hold any treasury shares as at 31 December 2021, 30 June 2022 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021, 30 June 2022 and 31 December 2022.

Weighted average number of ordinary shares and adjusted weighted average number of ordinary shares in issue for diluted earnings per share for 1H FY2023 was 10,106,683,403 (1H FY2022: 10,081,922,533) and 10,106,683,403 (1H FY2022: 10,962,411,129).

DISA LIMITED*(Company Registration No. 197501110N)***Notes to the condensed interim consolidated financial statements** *(cont'd)***DISA Employee Share Option Scheme 2010 and 2021 (the "DISA ESOS")**

Movement in the number of share options is follows:

	Company	
	1H FY2023	1H FY2022
DISA ESOS 2010		
As at 1 July	1,167,500,000	1,292,500,000
Less: Options exercised	-	(68,000,000)
Less: Options forfeited	(12,000,000)	(52,000,000)
At as 31 December	<u>1,155,500,000</u>	<u>1,172,500,000</u>
DISA ESOS 2021		
As at 1 July	189,500,000	-
Add: Options granted	-	210,500,000
Less: Options forfeited	(2,000,000)	-
As at 31 December	<u>187,500,000</u>	<u>210,500,000</u>
Total options granted	<u><u>1,343,000,000</u></u>	<u><u>1,383,000,000</u></u>

DISA ESOS 2021 was approved and adopted by members of the Company at an extraordinary general meeting held on 28 October 2021.

Saved as disclosed the Company does not hold any other convertible instruments at 31 December 2021, 30 June 2022 and 31 December 2022.

16. Subsequent events

There were no known subsequent events which have led to adjustments to this set of interim financial statements.

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Other information required by Catalyst Rule Appendix 7C

1. Review

The condensed consolidated statement of financial position of DISA Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 6 months then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

(A) Income Statement (6 months ended 31 December 2022 ("1H FY2023") versus 6 months ended 31 December 2021 ("1H FY2022"))

Revenue

The Group's revenue for 1H FY2023 was \$7,290,000, a decrease of \$5,673,000 or 43.8% as compared to \$12,963,000 in 1H FY2022. This was mainly due to the partial lockdown in China to curb the spread of COVID-19 since March 2022.

Other income

Other income increased by \$763,000 from \$107,000 in 1H FY2022 to \$870,000 in 1H FY2023. The increase was mainly derived from the gain on dilution of interest in associated company, Digital Life Line Pte. Ltd. ("DLL") of \$822,000, receipt of government grant and rental income of \$48,000. There was a gain on disposal of motor vehicle of \$92,000 in 1H FY2022.

Costs and expenses

The decrease in cost of inventories and subcontractor expenses was in line with the decrease in revenue for 1H FY2023.

Other costs and expenses for 1H FY2023 was \$1,523,000, a reduction of \$220,000 or 12.6% as compared to \$1,743,000. This was mainly attributable to lower staff costs of \$945,000 in 1H FY2023 against \$1,177,000 in 1H FY2022 from lower headcount. The decrease was however, offset partially by the increase in other expenses from \$296,000 in 1H FY2022 to \$336,000 in 1H FY2023, attributed mainly from the loss on foreign currency exchange as USD weaken against SGD in 1H FY2023.

Finance cost for 1H FY2023 was \$7,000, a decrease of 58.8% against \$17,000 for 1H FY2022, attributed to the lower interest on lease liabilities.

(B) Statements of Financial Position

Total Assets

Total assets of the Group decreased by \$218,000 or 3.9% from \$5,597,000 as at the end of FY2022 to \$5,379,000 as at the end of 1H FY2023 attributable mainly to the decrease in the cash and bank balances of \$1,007,000 as explained in 2(C) Cash Flows below, offset partially by the increase in the value of investment in DLL of \$586,000 and trade and other receivables of \$331,000 from the advance payment made to the suppliers for purchase of goods in December 2022.

Total liabilities

Total liabilities of the Group increased by \$262,000 or 25.7% from \$1,021,000 as at the end of FY2022 to \$1,283,000 as at the end of 1H FY2023, arising mainly from the higher payables as at end of 1H FY2023 with higher level of purchases towards the end of December 2022. The increase was however, offset by the lower borrowings from repayment of hire purchase loan and the payment of lease liabilities.

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Other information required by Catalyst Rule Appendix 7C (cont'd)

(C) Cash Flows

Cash and cash equivalents decreased by \$1,007,000 or 33.0% in 1H FY2023 as compared to FY2022 attributed mainly to the payment of operating expenses.

Net cash used in operating activities was \$1,003,000, attributed to (i) operating cash outflow before movements in working capital of \$896,000; (ii) net negative working capital movement of \$5,000; (iii) payment of income taxes of \$30,000; and (iv) net currency translation loss of \$72,000. Net cash generated from investing and used in financing activities was \$6,000 and \$112,000 respectively, arising mainly from the interest received from placement of fixed deposits and the repayment of lease liabilities.

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

No forecast or prospect statement was disclosed to shareholders previously.

4. A commentary at the date of 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 operating period and the next 12 months.

The Group recorded a revenue of \$7,290,000 from the sales of goods and services in 1H FY2023, a decrease of 43.8%, or \$5,673,000, as compared to \$12,963,000 in 1H FY2022. The onboarding process of new retailers and brand owners in the US remains challenging as the global economy continues to be fraught with uncertainties. Nevertheless, the Group will continue to focus on increasing the number of DiSa-Enabled product category in the next 12 months.

According to the Wall Street Journal, the National Retail Foundation (“NRF”) is estimating that it lost US\$94.5 billion last year due to lost inventory, primarily due to shoplifting. According to the NRF, the US\$94.5 billion of lost inventory represents around 1.4% of retail revenue in 2021. Majority of the lost inventory (37%) came from external theft, including products taken during organised shoplifting heists. Retailers also observed an average of 26.5% surge in organised theft incidents in 2021 (Source: <https://nypost.com/2022/12/23/retail-theft-cost-retailers-94-5-billion-in-2021-report/>).

In the past few months, the Group has been receiving enquires from the new retailers on how DiSa anti-theft technology could help them in reducing lost inventory as the retail crimes in the US continue to soar. In response to the needs of the retailers, the Group is in the midst of developing a high-theft item modularized fulfillment system (“Smart Fulfillment System”) that allows the consumers to buy online or at store through the Smart Fulfillment System and pick up their orders at the automatic dispensing machines at the retailer store by scanning Disa Smart Barcode that is printed on the receipt upon completion of order. The Board will update shareholders when new retailers start to adopt our Smart Fulfillment System as a source of new business for the Group.

During 1H FY2023, DLL initiated the product development work on external amplification solution that is applicable to antigen rapid test kit for diseases such as Influenza, acute heart attack (troponin), dengue, HFMD, respiratory syncytial virus, pregnancy (beta-HCG) and COVID-19. The development work is estimated to complete in July 2023.

As in previous years, the Group will continue to maintain its focus on the technology related business opportunities as the retail industry continues to grow. The retail sales in the US were projected to increase from US\$6.6 trillion in 2021 to US\$7.9 trillion in 2026 (Source: <https://www.statista.com/statistics/443495/total-us-retail-sales/>). The Group will also continue its research effort to continuously enhance and strengthen the competitiveness of its asset protection solution and at the same time, exercise financial prudence while continue to explore new business opportunities.

DISA LIMITED

(Company Registration No. 197501110N)

Other information required by Catalist Rule Appendix 7C (cont'd)

5. 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) Record date

Not applicable

6. Interested person transactions

The aggregate value of all interested person transactions during the 1H FY2023 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) and transactions conducted under shareholders' mandate pursuant to Rule 920 were both below \$100,000 each.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

8. Confirmation pursuant to Rule 705(5) of the Catalist Rules.

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 2022 to be false or misleading in any material aspect.

9. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

There were no acquisition or realisation of shares in any of the Group's subsidiary or associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during 1H FY2023.

BY ORDER OF THE BOARD

CHNG WENG WAH

Managing Director and Chief Executive Officer

13 February 2023