



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

Unaudited Financial Statement for the financial period ended 31 December 2016

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.

This announcement has not been examined or approved by the 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.

The details of the contact person for the company's Sponsor is: -
Name : Mr. Ong Hwee Li (Registered Professional, SAC Capital Private Limited)
Address : 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. Tel : 6532 3829

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 2016 \$'000 | 2nd Qtr ended 31 Dec 2015 \$'000 | Increase/ (Decrease) % | 6 months ended 31 Dec 2016 \$'000 | 6 months ended 31 Dec 2015 \$'000 | Increase/ (Decrease) % |
|--|--|--|------------------------------|---|---|------------------------------|
| Revenue | 190 | 198 | (4.0) | 301 | 383 | (21.4) |
| Cost of sales | (171) | (125) | 36.8 | (254) | (255) | (0.4) |
| Gross profit | 19 | 73 | (74.0) | 47 | 128 | (63.3) |
| Other income | 451 | 622 | (27.5) | 996 | 1,256 | (20.7) |
| Distribution expenses | (42) | (79) | (46.8) | (116) | (149) | (22.1) |
| Administrative expenses | (2,081) | (1,689) | 23.2 | (3,669) | (3,228) | 13.7 |
| Other expenses | (90) | (35) | N.M. | (97) | (89) | 9.0 |
| Results from operating activities | (1,743) | (1,108) | 57.3 | (2,839) | (2,082) | 36.4 |
| Finance costs | (54) | (148) | (63.5) | (204) | (298) | (31.5) |
| Share of results of associates | - | (1) | N.M. | - | (1) | N.M. |
| Share of results of joint ventures | (53) | (77) | (31.2) | (130) | (192) | (32.3) |
| Loss before income tax | (1,850) | (1,334) | 38.7 | (3,173) | (2,573) | 23.3 |
| Income tax credit | 58 | 59 | (1.7) | 118 | 119 | (0.8) |
| Loss for the period | (1,792) | (1,275) | 40.5 | (3,055) | (2,454) | 24.5 |
| Attributable to: | | | | | | |
| Owners of the Company | (1,703) | (1,286) | 32.4 | (2,917) | (2,397) | 21.7 |
| Non-controlling interests | (89) | 11 | N.M. | (138) | (57) | N.M. |
| Loss for the period | (1,792) | (1,275) | 40.5 | (3,055) | (2,454) | 24.5 |

N.M. - not meaningful



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

Unaudited Financial Statement for the financial period ended 31 December 2016

Statement of Comprehensive Income

| | 2nd Qtr ended 31 Dec 2016 | 2nd Qtr ended 31 Dec 2015 | Increase/ (Decrease) | 6 months ended 31 Dec 2016 | 6 months ended 31 Dec 2015 | Increase/ (Decrease) |
|--|------------------------------|------------------------------|-------------------------|-------------------------------|-------------------------------|-------------------------|
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Loss for the period | (1,792) | (1,275) | 40.5 | (3,055) | (2,454) | 24.5 |
| Other comprehensive income: | | | | | | |
| Foreign currency translation differences from foreign subsidiaries | 119 | (12) | N.M. | 121 | 38 | N.M. |
| Other comprehensive income for the period | 119 | (12) | N.M. | 121 | 38 | N.M. |
| Total comprehensive income for the period | (1,673) | (1,287) | 30.0 | (2,934) | (2,416) | 21.4 |
| Attributable to: | | | | | | |
| Owners of the Company | (1,577) | (1,301) | 21.2 | (2,782) | (2,335) | 19.1 |
| Non-controlling interests | (96) | 14 | N.M. | (152) | (81) | 87.7 |
| Total comprehensive income for the period | (1,673) | (1,287) | 30.0 | (2,934) | (2,416) | 21.4 |

N.M. - not meaningful

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

| | 2nd Qtr ended 31 Dec 2016 | 2nd Qtr ended 31 Dec 2015 | 6 months ended 31 Dec 2016 | 6 months ended 31 Dec 2015 |
|---|------------------------------|------------------------------|-------------------------------|-------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest expense | 54 | 148 | 204 | 298 |
| Interest income | (68) | (37) | (102) | (69) |
| Amortisation of intangible assets | 351 | 351 | 702 | 702 |
| Amortisation of prepayment for rights on use of plant and machinery | - | 29 | - | 58 |
| Depreciation of property, plant and equipment | 20 | 20 | 39 | 41 |
| Employee share-based payment expense | 286 | - | 286 | - |
| Gain on disposal of property, plant and equipment | (3) | - | (20) | - |
| Impairment loss on non-trade receivables | 1 | - | 8 | - |
| Reversal of fair value gain on derivative instrument recognised in previous years | 89 | - | 89 | - |
| Share of results of associates | - | 1 | - | 1 |
| Share of results of joint ventures | 53 | 77 | 130 | 192 |
| Currency exchange loss - net | 101 | 5 | 100 | 13 |



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

Unaudited Financial Statement for the financial period ended 31 December 2016

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 2016</u> | <u>30 June 2016</u> | <u>31 Dec 2016</u> | <u>30 June 2016</u> |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 136 | 164 | 72 | 97 |
| Intangible assets | 12,641 | 13,343 | - | - |
| Subsidiaries | - | - | 26,221 | 14,721 |
| Associates | 29 | 27 | - | - |
| Joint ventures | 14 | 19 | 280 | 280 |
| Trade and other receivables | 987 | 960 | 1,353 | 1,102 |
| Other non-current assets | 6,059 | 6,059 | 832 | 755 |
| | <u>19,866</u> | <u>20,572</u> | <u>28,758</u> | <u>16,955</u> |
| Current assets | | | | |
| Inventories | - | 71 | - | - |
| Trade and other receivables | 3,663 | 3,594 | 126 | 100 |
| Other current assets | 1,496 | 1,567 | 337 | 480 |
| Cash and bank balances | 8,894 | 5,343 | 5,828 | 4,520 |
| Financial assets, available-for-sale | 2,222 | 2,222 | 2,222 | 2,222 |
| | <u>16,275</u> | <u>12,797</u> | <u>8,513</u> | <u>7,322</u> |
| Total assets | <u>36,141</u> | <u>33,369</u> | <u>37,271</u> | <u>24,277</u> |
| Equity attributable to owners of the Company | | | | |
| Share capital | 168,581 | 154,474 | 168,581 | 154,474 |
| Reserves | 4,818 | 4,397 | 3,981 | 3,695 |
| Accumulated losses | (135,355) | (132,438) | (136,403) | (135,302) |
| | <u>38,044</u> | <u>26,433</u> | <u>36,159</u> | <u>22,867</u> |
| Non-controlling interests | <u>(9,259)</u> | <u>(9,107)</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>28,785</u> | <u>17,326</u> | <u>36,159</u> | <u>22,867</u> |
| Non-current liabilities | | | | |
| Accruals | 615 | 761 | 182 | 176 |
| Financial liabilities | 453 | 470 | 453 | 470 |
| Derivative instrument | - | 21 | - | - |
| Deferred tax liabilities | 2,147 | 2,267 | - | - |
| | <u>3,215</u> | <u>3,519</u> | <u>635</u> | <u>646</u> |
| Current liabilities | | | | |
| Trade and other payables | 3,079 | 3,039 | 203 | 348 |
| Accruals | 490 | 2,000 | 241 | 383 |
| Financial liabilities | 50 | 6,963 | 33 | 33 |
| Provision for other liabilities and charges | 522 | 522 | - | - |
| | <u>4,141</u> | <u>12,524</u> | <u>477</u> | <u>764</u> |
| Total liabilities | <u>7,356</u> | <u>16,043</u> | <u>1,112</u> | <u>1,410</u> |
| Total equity and liabilities | <u>36,141</u> | <u>33,369</u> | <u>37,271</u> | <u>24,277</u> |

Unaudited Financial Statement for the financial period ended 31 December 2016

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

Amount repayable in one year or less, or on demand

| 31 December 2016 (\$'000) | | 30 June 2016 (\$'000) | |
|---------------------------|-----------|-----------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 50 | - | 6,963 | - |

Amount repayable after one year

| 31 December 2016 (\$'000) | | 30 June 2016 (\$'000) | |
|---------------------------|-----------|-----------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 68 | 385 | 85 | 385 |

Details of collateral

As at 31 December 2016, total borrowings included secured liabilities of \$503,000 (30 June 2016: \$7,048,000) for the Group. Secured loans amounting to \$17,000 (30 June 2016: \$115,000) are secured by security charges which provide 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 is given by a minority shareholder of a subsidiary. In addition, corporate guarantee is given by the Company. Other finance lease liabilities of the Group amounting to \$101,000 (30 June 2016: \$117,000) are secured by the rights to leased motor vehicles.

On 2 April 2012, the Company entered into a convertible loan agreement with Disa Digital Safety Pte Ltd ("**Disa**") and Sculptor Investors pursuant to which, the Sculptor Investors agreed to grant to Disa an initial loan of an aggregate principal amount of \$7,000,000 ("**1st Tranche**"), and a further option for a loan of an aggregate principal amount of \$7,000,000 ("**2nd Tranche**"), both of which are convertible either into the Company's ordinary shares ("**Shares**"), or new ordinary shares in the capital of Disa in the event of a trade sale or an initial public offering of Disa at the discretion of the Sculptor Investors.

The Sculptor Investors may require Disa to repay the Sculptor Investor's contributions to the 1st Tranche and any outstanding interest at any time between 1 May 2015 and 30 April 2017. The 2nd Tranche had lapsed on the same date the 1st Tranche became due. In the event that any balance on the 1st Tranche is not converted into the Company's shares or Disa's shares within 5 years from the completion date of the 1st Tranche, all outstanding balance including any outstanding interest is to be repaid in cash to the Sculptor Investors. The convertible loan bears interest at 5% per annum and is secured by the Company's corporate guarantee. As at 31 December 2016, Disa has made full repayment of the 1st Tranche and outstanding interest to Sculptor Investors in cash.

The remaining unsecured, interest bearing loan of \$385,000 (30 June 2016: \$385,000) shall be repaid in 48 equal instalments commencing from 1 November 2013. On 30 June 2016, the lender, an unrelated third party agreed not to demand repayment of the unsecured loan amounting to \$385,000 up till 30 June 2017.

Unaudited Financial Statement for the financial period ended 31 December 2016

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 2016 \$'000 | 2nd Qtr ended 31 Dec 2015 \$'000 | 6 months ended 31 Dec 2016 \$'000 | 6 months ended 31 Dec 2015 \$'000 |
|---|--|--|---|---|
| Cash flows from operating activities | | | | |
| Loss before income tax for the period | (1,850) | (1,334) | (3,173) | (2,573) |
| Adjustments for: | | | | |
| - Interest expense | 54 | 148 | 204 | 298 |
| - Interest income | (68) | (37) | (102) | (69) |
| - Amortisation of intangible assets | 351 | 351 | 702 | 702 |
| - Amortisation of prepayment for rights on use of plant and machinery | - | 29 | - | 58 |
| - Depreciation of property, plant and equipment | 20 | 20 | 39 | 41 |
| - Employee share-based payment expense | 286 | - | 286 | - |
| - Gain on disposal of property plant and machinery | (3) | - | (20) | - |
| - Impairment loss on non-trade receivables | 1 | - | 8 | - |
| - Reversal of fair value gain on derivative instrument recognised in previous years | 89 | - | 89 | - |
| - Share of results of associates | - | 1 | - | 1 |
| - Share of results of joint ventures | 53 | 77 | 130 | 192 |
| - Exchange differences | 169 | (4) | 151 | 21 |
| Operating cash flows before working capital changes | (898) | (749) | (1,686) | (1,329) |
| Changes in working capital: | | | | |
| - Inventories | 88 | 32 | 71 | 13 |
| - Trade and other receivables | (113) | (102) | (248) | (291) |
| - Other current assets | - | 22 | 21 | 26 |
| - Trade and other payables | (196) | (219) | (95) | (220) |
| Cash used in operations representing net cash used in operating activities | (1,119) | (1,016) | (1,937) | (1,801) |
| Income tax paid | (1) | - | (1) | - |
| Net cash used in operating activities | (1,120) | (1,016) | (1,938) | (1,801) |
| Cash flows from investing activities | | | | |
| Interest received | 68 | 37 | 102 | 69 |
| Purchase of property, plant and equipment | (21) | (3) | (21) | (3) |
| Proceeds from disposal of property, plant and equipment | 4 | - | 31 | - |
| Net cash from investing activities | 51 | 34 | 112 | 66 |

Unaudited Financial Statement for the financial period ended 31 December 2016

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

| | 2nd Qtr ended 31 Dec 2016 \$'000 | 2nd Qtr ended 31 Dec 2015 \$'000 | 6 months ended 31 Dec 2016 \$'000 | 6 months ended 31 Dec 2015 \$'000 |
|---|--|--|---|---|
| Cash flows from financing activities | | | | |
| Interest paid | (1,577) | (9) | (1,584) | (18) |
| Net proceeds from issuance of ordinary shares | 10,784 | - | 10,784 | - |
| Net proceeds from issuance of warrants | - | (11) | - | 2,604 |
| Proceeds from exercise of warrants | 3,323 | - | 3,323 | - |
| Repayment of finance lease | (8) | (17) | (16) | (33) |
| Repayment of loan to a third party | - | (57) | - | (452) |
| Repayment of bank borrowings | (49) | (45) | (98) | (90) |
| Repayment of convertible loans | (7,000) | - | (7,000) | - |
| Net cash from/(used in) financing activities | 5,473 | (139) | 5,409 | 2,011 |
| Net increase/(decrease) in cash and cash equivalents | 4,404 | (1,121) | 3,583 | 276 |
| Cash and cash equivalents at beginning of the period | 4,480 | 8,238 | 5,282 | 6,797 |
| Net effects of exchange rate changes on cash and cash equivalents | (51) | (3) | (32) | 41 |
| Cash and cash equivalents at end of the period (Note A) | 8,833 | 7,114 | 8,833 | 7,114 |

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 2016 \$'000 | 6 months ended 31 Dec 2015 \$'000 |
|--|---|---|
| Cash at bank and on hand | 7,833 | 2,508 |
| Short-term bank deposits | 1,061 | 4,667 |
| Cash and bank balances per Group statement of financial position | 8,894 | 7,175 |
| Less: Deposits placed with banks as security | (61) | (61) |
| Cash and cash equivalents per consolidated statement of cash flows | 8,833 | 7,114 |

Unaudited Financial Statement for the financial period ended 31 December 2016

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

| | <u>Share capital</u> | Foreign currency translation <u>reserve</u> | Share option <u>reserve</u> | Other capital <u>reserves</u> | Accumulated <u>losses</u> | Total attributable to owners of the Company | Non-controlling <u>interests</u> | Total equity |
|--|----------------------|---|--------------------------------|----------------------------------|------------------------------|--|-------------------------------------|-------------------------|
| | \$'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 | - | - | - | - | (2,917) | (2,917) | (138) | (3,055) |
| Other comprehensive income for the period | | | | | | | | |
| - 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 expense | - | - | 286 | - | - | 286 | - | 286 |
| Balance as at 31 December 2016 | 168,581 | 101 | 340 | 4,377 | (135,355) | 38,044 | (9,259) | 28,785 |
| 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 | - | - | - | - | (2,397) | (2,397) | (57) | (2,454) |
| Other comprehensive income for the period | | | | | | | | |
| - Foreign currency translation differences from foreign subsidiaries | - | 62 | - | - | - | 62 | (24) | 38 |
| Total comprehensive income for the financial period | - | 62 | - | - | (2,397) | (2,335) | (81) | (2,416) |
| 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 December 2015 | 154,474 | 84 | 75 | 4,377 | (124,051) | 34,959 | (8,236) | 26,723 |

Unaudited Financial Statement for the financial period ended 31 December 2016

Company

| | <u>Share capital</u> | <u>Share option</u> <u>reserve</u> | <u>Other capital</u> <u>reserves</u> | <u>Accumulated</u> <u>losses</u> | <u>Total</u> <u>equity</u> |
|--|----------------------|---------------------------------------|---|-------------------------------------|-------------------------------|
| FY 2017 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2016 | 154,474 | 54 | 3,641 | (135,302) | 22,867 |
| Total comprehensive income for the financial | - | - | - | (1,101) | (1,101) |
| Employee share-based payment expense | - | 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 |
| FY 2016 | | | | | |
| Balance as at 1 July 2015 | 154,474 | 75 | 1,037 | (117,206) | 38,380 |
| Total comprehensive income for the financial | - | - | - | (495) | (495) |
| period | - | - | - | - | (495) |
| Issue of warrants ^(Note B) | - | - | 2,798 | - | 2,798 |
| - warrants issue expense | - | - | (194) | - | (194) |
| Balance as at 31 December 2015 | 154,474 | 75 | 3,641 | (117,701) | 40,489 |

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 December 2016

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issue, 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 FY2017</u> | <u>Q2 FY2016</u> |
|--|----------------------|----------------------|
| As at beginning of the period | 5,113,729,645 | 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>6,868,508,513</u> | <u>5,113,729,645</u> |

On 17 November 2016, the Company issued and allotted 600,000,000 new shares at S\$0.007 per share in the issued and paid-up capital of the Company pursuant to a subscription agreement entered between the Company and the subscribers.

On 13 December 2016, the Company issued and allotted 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 subscribers.

On 13 December 2016, the Company issued and allotted 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.

The issued share capital of the Company as at 31 December 2016 comprises 6,868,508,513 (31 December 2015: 5,113,729,645) ordinary shares.

B) Share options - Equation Share Option Scheme 2010 ("ESOS")

| | <u>31 December 2016</u> | <u>31 December 2015</u> |
|---------------------------|-------------------------|-------------------------|
| Outstanding share options | 36,000,000 | 10,500,000 |

C) Treasury shares

No treasury shares were held by the Company as at 31 December 2016 and 31 December 2015.

D) Convertible loans

There are no convertible loans which are convertible at the lenders option into ordinary shares of the Company (31 December 2015: 444,602,525) (refer 1(b)(ii)).

E) Warrants

As at 31 December 2016, the number of shares that may be issued on conversion of the outstanding warrants expiring on 2 August 2017 is 3,201,398,188 (31 December 2015: 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 December 2016</u> | <u>30 June 2016</u> |
|--|-------------------------|---------------------|
| Total number of ordinary issued shares excluding treasury shares | 6,868,508,513 | 5,113,729,645 |

1(d)(iv) A statement showing all sales, transfers, disposal, 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.

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.

Unaudited Financial Statement for the financial period ended 31 December 2016

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.

Basic and diluted earnings per share (cents per share)

- Weighted average number of ordinary shares in issue

| Group | | Group | |
|------------------------------|------------------------------|-------------------------------|-------------------------------|
| 2nd Qtr ended 31 Dec 2016 | 2nd Qtr ended 31 Dec 2015 | 6 months ended 31 Dec 2016 | 6 months ended 31 Dec 2015 |
| (0.03) | (0.03) | (0.05) | (0.05) |
| 5,512,677,280 | 5,113,729,645 | 5,313,203,462 | 5,113,729,645 |

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.

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 2016 | As at 30 June 2016 | As at 31 Dec 2016 | As at 30 June 2016 |
| 0.42 | 0.34 | 0.53 | 0.45 |

The net asset value per ordinary share attributable to owners of the Company and non-controlling interests is computed based on 6,868,508,513 (30 June 2016: 5,113,729,645) ordinary shares.

Unaudited Financial Statement for the financial period ended 31 December 2016

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 2016 ("Q2 FY2017") versus Second Quarter Ended 31 December 2015 ("Q2 FY2016") and Half Year Ended 31 December 2016 ("1H FY2017") versus Half Year Ended 31 December 2015 ("1H FY2016"))

i) Revenue

The Group's revenue decreased by \$8,000 (or 4.0%) from \$198,000 in Q2 FY2016 to \$190,000 in Q2 FY2017 ("QoQ"). This was mainly due to decrease in sales in the E-waste/Recycling segment. The decrease was mainly due to lower rate of collection of recycled materials from suppliers.

On a year-to-date ("YoY") comparison, the Group's revenue decreased by \$82,000 or 21.4% from \$383,000 in 1H FY2016 to \$301,000 in 1H FY2017. This was mainly due to decrease in sales in the E-waste/Recycling segment of \$34,000 and Energy Management Services segment of \$48,000. The decrease in sales in E-waste/Recycling segment was mainly due to lower rate of collection of recycled materials from suppliers 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

| | 2nd Qtr ended 31 Dec 2016 \$'000 | % to total revenue | 2nd Qtr ended 31 Dec 2015 \$'000 | % to total revenue | 6 months ended 31 Dec 2016 \$'000 | % to total revenue | 6 months ended 31 Dec 2015 \$'000 | % to total revenue |
|----------------------------|--|-----------------------|--|-----------------------|---|-----------------------|---|-----------------------|
| E-waste/Recycling | 92 | 48.4% | 135 | 68.2% | 155 | 51.5% | 189 | 49.3% |
| Energy Management Services | 98 | 51.6% | 63 | 31.8% | 146 | 48.5% | 194 | 50.7% |
| | 190 | 100.0% | 198 | 100.0% | 301 | 100.0% | 383 | 100.0% |

ii) Cost of sales and gross profits

Cost of sales ("COGS") increased by \$46,000 (or 36.8%) from \$125,000 in Q2 FY2016 to \$171,000 in Q2 FY2017. The increase was mainly due to stock clearance from the E-waste/Recycling segment.

COGS for 1H FY2017 of \$254,000 decreased by \$1,000 as compared to 1H FY2016 of \$255,000. This was mainly due to lower COGS recorded in the Energy Management Services segment of \$32,000; partially offset by higher COGS in the E-waste/Recycling segment of \$31,000 due to stock clearance during the financial period as mentioned above.

Due to the reasons explained above, the Group recorded a lower gross profit of \$19,000 in Q2 FY2017 as compared to a higher gross profit of \$73,000 in Q2 FY2016.

The Group reported a decrease in gross profit margin ("GP%") from 36.9% in Q2 FY2016 to 10.0% in Q2 FY2017. The decrease in the GP% was mainly contributed by the E-waste/Recycling segment due to lower gross profit generated from recycled materials during Q2 FY2017.

On YoY basis, GP% decreased by 17.8 percentage point from 33.4% in 1H FY2016 to 15.6% in 1H FY2017. The decrease in the GP% (YoY) was mainly contributed by the E-waste/Recycling segment which contributed a higher percentage of COGS in 1H FY2017 than 1H FY2016.

iii) Other income

Other income decreased by \$171,000 (or 27.5%) from \$622,000 in Q2 FY2016 to \$451,000 in Q2 FY2017. This was mainly attributable to decrease in storage income of \$92,000 from the use of one of the Company's subsidiary's storage facilities and decrease in rental income of \$131,000 from the leasing of office space; partially offset by (i) increase in income earned from transportation and container charges of \$21,000; (ii) gain on disposal of property, plant and equipment of \$3,000; and (iii) interest income of \$30,000.

On YoY basis, other income decreased by \$260,000 for 1H FY2017 as compared to 1H FY2016. This was mainly attributable to (i) decrease in storage income of \$191,000 from the use of one of the Company's subsidiary's storage facilities; (ii) decrease in rental income of \$131,000 from the leasing of office space; (iii) decrease in government grants and rebates of \$25,000; partially offset by (i) increase in income earned from transportation and container charges of \$35,000; (ii) gain on disposal of property, plant and equipment of \$20,000; and (iii) interest income of \$32,000.

iv) Distribution expenses

Distribution expenses decreased by \$37,000 (or 46.8%) from \$79,000 in Q2 FY2016 to \$42,000 in Q2 FY2017. This was mainly due to decrease in staff costs and reversal of agency fee for securing tenants at the previous office space; partially offset by increase in travelling expense of \$22,000 for business purposes.

On YoY basis, distribution expenses decreased by \$33,000 (or 22.1%) for 1H FY2017 as compared to 1H FY2016 due to reasons as explained above.

v) Administrative expenses

Administrative expenses increased by \$392,000 (or 23.3%) from \$1,689,000 in Q2 FY2016 to \$2,081,000 in Q2 FY2017. This was mainly attributable to (i) increase in upkeep of premises and computer of \$35,000; (ii) higher legal and professional fees of \$81,000; (iii) higher advertisement expense of \$7,000; (iv) higher transportation and travelling expenses of \$17,000; (v) new share options of \$286,000 being granted in Q2 FY2017; and (vi) foreign currency movement of net loss of \$96,000; partially offset by decrease in rental expense of premises of \$114,000 due to expiry of lease agreement and audit fee of \$37,000.

Unaudited Financial Statement for the financial period ended 31 December 2016

On YoY basis, administrative expenses increased by \$441,000 (or 13.7%) for 1H FY2017 as compared to 1H FY2016. This was mainly attributable to (i) higher advertisement expense of \$12,000; (ii) higher dues and subscriptions membership of \$12,000; (iii) higher legal and professional fees of \$136,000; (iv) higher transportation and travelling expenses of \$32,000; (v) higher fees paid in relation to the upkeep of premises and computer of \$78,000; (vi) new share options of \$286,000 being granted; and (vii) foreign currency movement of net loss of \$87,000; partially offset by (i) lower directors' remuneration and staff costs of \$33,000 as a result of cost-cutting measures and a reduction in the head count; (ii) lower audit fee of \$57,000; and (iii) decrease in rental expense of premises of \$109,000 due to expiry of lease agreement.

vi) Other expenses

Other expenses increased by \$55,000 from \$35,000 in Q2 FY2016 to \$90,000 in Q2 FY2017. This was mainly attributable to reversal of fair value gain on derivative instrument recognised in previous years of \$89,000; partially offset by prepayments for rights on use of plant and machinery which was fully amortised in last financial year ended 30 June 2016 and loss on waiver of debts of \$7,000 in Q2 FY2016.

On YoY basis, other expenses increased by \$8,000 for 1H FY2017 as compared to 1H FY2016. This was mainly attributable to reversal of fair value gain on derivative instrument recognised in previous years of \$89,000 and impairment loss on non-trade receivables of \$8,000; partially offset by prepayments for rights on use of plant and machinery which was fully amortised in last financial year ended 30 June 2016 and loss on waiver of debts of \$31,000.

vii) Finance costs

Finance costs decreased by \$94,000 (or 63.5%) from \$148,000 in Q2 FY2016 to \$54,000 in Q2 FY2017. This was mainly attributable to the full repayment of convertible loans during Q2 FY2017.

On YoY basis, finance costs decreased by \$94,000 for 1H FY2017 as compared to FY2016 due to reasons as explained above.

Due to the reasons above, the Group recorded a net loss of \$1,792,000 and \$3,055,000 in Q2 FY2017 and 1H FY2017 respectively.

(B) Statements of Financial Position

Total assets of the Group increased by \$2,772,000 from \$33,369,000 as at 30 June 2016 to \$36,141,000 as at 31 December 2016 mainly due to the following:

- i) Property, plant and equipment decreased by \$28,000, and was mainly due to 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 \$702,000 from \$13,343,000 as at 30 June 2016 to \$12,641,000 as at 31 December 2016. This was mainly due to an amortisation charge for the financial period.
- iii) Inventories decreased by \$71,000 from \$71,000 as at 30 June 2016 to Nil as at 31 December 2016, mainly due to stock clearance during the financial period.
- iv) Total trade and other receivables increased by \$96,000 from \$4,554,000 as at 30 June 2016 to \$4,650,000 as at 31 December 2016. This was mainly due to slow collection of debts from customers during the financial period.
- v) Increase in cash and balances of \$3,551,000 (Refer to explanation in "8(C) Cash flow" below).

Total liabilities of the Group decreased by \$8,687,000 from \$16,043,000 as at 30 June 2016 to \$7,356,000 as at 31 December 2016, and were mainly due to the following:

- i) Trade and other payables increased by \$40,000 from \$3,039,000 as at 30 June 2016 to \$3,079,000 as at 31 December 2016. This was mainly due to slow repayment to creditors during the financial period.
- ii) Total accruals decreased by \$1,656,000 from \$2,761,000 as at 30 June 2016 to \$1,105,000 as at 31 December 2016. This was mainly due to (i) decrease in accrued interest of \$1,374,000 mainly due to full repayment of accrued interest on convertible loans; (ii) decrease in accrued staff costs of \$100,000; and (iii) decrease in accrued operating costs of \$182,000 during the financial period.
- iii) Total financial liabilities decreased by \$6,930,000 from \$7,433,000 as at 30 June 2016 to \$503,000 as at 31 December 2016 and this was mainly due to (i) loans repayment of \$98,000; (ii) repayment of finance lease of \$16,000; and (iii) full repayment on convertible loans of \$6,816,000 from the Sculptors Investor during the financial period.

Unaudited Financial Statement for the financial period ended 31 December 2016

(C) Cash Flows

i) Q2 FY2017 vs Q2 FY2016

The Group recorded a net increase in cash and cash equivalents of \$4,404,000 in Q2 FY2017 compared to net decrease of \$1,121,000 in Q2 FY2016, mainly due to funds generated/utilised as follows:

Net cash outflow from operating activities for Q2 FY2017 was \$1,120,000. This comprised operating cash flows before working capital changes of \$898,000 and adjusted for net working capital outflow of \$221,000. The net working capital outflow was the result of increase in trade and other receivables of \$113,000 and decrease in trade and other payables of \$196,000; partially offset by decrease in inventories of \$88,000.

Net cash inflow from investing activities for Q2 FY2017 amounted to \$51,000 due to interest received of \$68,000 and proceeds from disposal of property, plant and equipment of \$4,000; partially offset by purchase of property, plant and equipment of \$21,000.

Net cash inflow from financing activities for Q2 FY2017 amounted to \$5,473,000 mainly due to net proceeds from issuance of ordinary shares of \$10,784,000; and proceeds from exercise of warrants of \$3,323,000; partially offset by (i) interest paid of \$1,577,000; (ii) repayment of finance lease of \$8,000; (iii) repayment of bank borrowings of \$49,000; and (iv) repayment of convertible loans from the Sculptors Investor of \$7,000,000.

ii) 1H FY2017 vs 1H FY2016

Cash and bank balances (net of overdraft and deposits placed with a bank as security) (refer to 1(C)(ii)) increased by approximately \$3,583,000 from \$5,282,000 as at 30 June 2016 to \$8,833,000 as at 31 December 2016, mainly due to funds generated/utilised as follows:

Net cash outflow for operating activities for 1H FY2017 was \$1,938,000. This comprised operating cash flows before working capital changes of \$1,686,000, adjusted for net working capital outflow of \$251,000. The net working capital outflow was the result of increase in trade and other receivables of \$248,000 and decrease in trade and other payables of \$95,000; partially offset by decrease in inventories of \$71,000 and other current assets of \$21,000.

Net cash inflow from investing activities for 1H FY2017 amounted to \$112,000 due to interest received of \$102,000 and proceeds from disposal of property, plant and equipment of \$31,000; partially offset by purchase of property, plant and equipment of \$21,000.

Net cash inflow from financing activities for 1H FY2017 amounted to \$5,409,000 mainly due to net proceeds from issuance of ordinary shares of \$10,784,000; and proceeds from exercise of warrants of \$3,323,000; partially offset by (i) interest paid of \$1,584,000; (ii) repayment of finance lease of \$16,000; (iii) repayment of bank borrowings of \$98,000; and (iv) repayment of convertible loans from the Sculptors Investor of \$7,000,000.

(D) Use of Proceeds

i) Private Placement

On 13 March 2015, the Company issued an aggregate of 200,000,000 new shares at S\$0.007 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 1**"). Net proceeds of \$1.4 million was raised. The net proceeds has been fully utilised for working capital expenditure purpose as at 31 December 2016.

On 17 November 2016, the Company issued an aggregate of 600,000,000 new shares at S\$0.007 per share in the issued and paid-up capital of the Company pursuant to a subscription agreement entered between the Company and the subscribers ("**Private Placement 2**"). Net proceeds of \$4.2 million was raised. The net proceeds has been fully utilised for repayment of loans as at 31 December 2016.

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 3**"). 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 December 2016.

Unaudited Financial Statement for the financial period ended 31 December 2016

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 4**"). Net proceeds of \$3.762 million was raised. The Company had utilised approximately \$2.1 million for investments purpose as at 31 December 2016.

| | Private Placement 1 \$'000 | Private Placement 2 \$'000 | Private Placement 3 \$'000 | Private Placement 4 \$'000 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net proceeds raised | 1,400 | 4,200 | 2,970 | 3,762 |
| Less: Utilisations | | | | |
| - Working capital expenditures ^(Note A) | (1,400) | - | (159) | - |
| - Investments | - | - | - | (2,067) |
| - Repayment of loans | - | (4,200) | - | - |
| - Repayment of accrued interest from convertible loan | - | - | (1,576) | - |
| Balance as at 31 December 2016 | - | - | 1,235 | 1,695 |

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, Private Placement 2, Private Placement 3 and Private Placement 4 are consistent with the intended use as described in the use of proceeds announcements dated 5 September 2016, 24 October 2016, 25 November 2016 and 28 November 2016 respectively.

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 December 2016.

As at 31 December 2016, 474,778,868 warrants ("**Warrants Exercise**") had been exercised since the issue of the warrants and a total proceed of about \$3.3 million was raised and the status of the proceeds is as follow:

| | Warrants Issue \$'000 | Warrants Exercise \$'000 |
|--|--------------------------|-----------------------------|
| Net proceeds raised | 3,493 | 3,323 |
| Less: Utilisations | | |
| - Working capital expenditures ^(Note A) | (1,300) | (334) |
| - Repayment of loans ^(Note B) | (2,193) | (607) |
| Balance as at 31 December 2016 | - | 2,382 |

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.

We are progressing well with our financial restructuring. The restructuring will place the Group on a strong footing to capitalise on the opportunities presented by our Point of Sale Activation ("**PoSA**") technology.

The Group will continue to work on the adoption of the PoSA technology as a digital security lock for electronic products sold by retailers in the United States of America.



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

Unaudited Financial Statement for the financial period ended 31 December 2016

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.

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 2016.

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

14 February 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 December 2016 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

14 February 2017

LAU KAY HENG

Non-Executive and Independent Director