



DISA Limited  
(Company Registration No. 197501110N)  
(Incorporated in the Republic of Singapore)  
("Company" and together with its subsidiaries, the "Group")

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## INDEPENDENT AUDITOR'S OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 JUNE 2019

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Pursuant to Rule 704(4) of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the board of directors (the "**Board**") of DISA Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, Crowe Horwath First Trust LLP, had issued a disclaimer of opinion on the audited financial statements for the financial year ended 30 June 2019.

A copy of the independent auditor's report and an extract of Note 15 to the audited financial statements are attached in this announcement for information.

Shareholders of the Company ("**Shareholders**") are advised to read the audited financial statements in its 2019 annual report, which will be made available to Shareholders in due course.

Notwithstanding the disclaimer, the management and the Board are of the view that the Group has neither control nor significant influence over EIKA and its subsidiary, PT. Engineering Indonesia Karya ("**PT Karya**"), and accordingly EIKA and its subsidiary have neither been consolidated nor equity accounted into the Group's consolidated financial statements since its acquisition in FY2013. The management also have no access to the financial information and accounting records relating to PT Karya and accordingly are unable to prepare financial information relating to EIKA and its subsidiary, PT Karya. In addition, due to both Vendors being adjudicated bankrupts and thus ceased to be directors of EIKA subsequent to FY2013, the Company took over the administrative matters in order to fulfil the statutory compliance. The cost of investment of \$1,000,000 was recorded under "Deposit paid to secure potential investment" in "Other current assets" (Note 15 to the financial statements) and was fully impaired since FY2013.

### BY ORDER OF THE BOARD

Chng Weng Wah  
Managing Director  
4 October 2019

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited 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.*

*The contact person for the Sponsor is Mr. Ong Hwee Li (Registered Professional, SAC Capital Private Limited). Address: 1 Robinson Road, #21-00 AIA Tower, Singapore 048542. Telephone number: +65 6232 3210.*

# INDEPENDENT AUDITOR'S REPORT

To the members of DISA Limited

## Report on the Audit of the Financial Statements

### ***Disclaimer of Opinion***

We were engaged to audit the financial statements of DISA Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 73 to 159, which comprise the consolidated statement of financial position of the Group and the statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion of these financial statements.

### ***Basis for Disclaimer of Opinion***

#### *Non-consolidation of subsidiaries*

As disclosed in Note 15 to the financial statements, on 30 October 2012, the Company entered into a sales and purchase agreement ("S&P") with 2 individuals ("Vendors") to purchase 440,000 shares of EIKA (Singapore) Pte. Ltd. ("EIKA"), representing 55% equity interest in EIKA. The shares were transferred to and registered in the name of the Company on 20 November 2012, and the Company became the major shareholder of EIKA.

During the same financial year ("FY") ended 30 June 2013, the Company sought to recover a partial refund of the purchase consideration, based on adjustments as provided for in the S&P. The Company successfully obtained a court judgement in November 2016 for the refund sought. The Company also commenced bankruptcy application against one of the Vendors, and both Vendors have since been made bankrupts and ceased to be directors of EIKA. With effect from 21 January 2019, the board of directors of EIKA comprised 2 directors, both of whom are representatives from the Group.

Notwithstanding the above, the management and the board of directors of the Company are of the view that the Group has neither control nor significant influence over EIKA and its subsidiary, PT. Engineering Indonesia Karya ("PT Karya"), and accordingly EIKA and its subsidiary have neither been consolidated nor equity accounted into the Group's consolidated financial statements since its acquisition in FY2013. Management also represented that they have no access to financial information and accounting records relating to PT Karya and are therefore unable to prepare financial information relating to EIKA and its subsidiary, PT Karya. The cost of investment of \$1,000,000 was recorded under "Deposit paid to secure potential investment" in "Other current assets" (Note 15 to the financial statements) and has been fully impaired since FY2013.

We do not consider management explanations on the non-consolidation due to lack of control over EIKA to be satisfactory, given that the Group is both the major shareholder and has full control over the composition of the board of directors of EIKA. As there are no financial information relating to PT Karya, we are unable to determine the extent of adjustments and additional disclosures necessary in respect of the Group's consolidated financial statements for the year ended 30 June 2019 including those presented as corresponding figures, had EIKA and its subsidiary been consolidated.

### ***Other Matter***

The financial statements for the financial year ended 30 June 2018 were audited by another auditor whose report dated 21 September 2018 expressed an unqualified opinion on those financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the members of DISA Limited

## ***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## ***Report on Other Legal and Regulatory Requirements***

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provision of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Teck Zhen.

## **Crowe Horwath First Trust LLP**

Public Accountants and  
Chartered Accountants  
Singapore

3 October 2019

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

## 15. OTHER CURRENT ASSETS

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Deposits for trade purchases	68	68	–	–
Refundable deposits <sup>(a)</sup>	113	137	58	63
Prepayments	134	91	32	34
Amount due from minority shareholder in subsidiary	43	43	–	–
Other recoverable <sup>(b)</sup>	703	1,480	–	–
Interest receivable	103	69	85	69
Deposit paid to secure potential investment <sup>(c)</sup>	1,000	1,000	1,000	1,000
Deposit for an investment <sup>(d)</sup>	150	–	–	–
	<b>2,314</b>	<b>2,888</b>	<b>1,175</b>	<b>1,166</b>
Less: impairment losses	<b>(1,724)</b>	<b>(1,881)</b>	<b>(1,000)</b>	<b>(1,000)</b>
	<b>590</b>	<b>1,007</b>	<b>175</b>	<b>166</b>

<sup>(a)</sup> Refundable deposits consist mainly of rental deposits.

<sup>(b)</sup> Other recoverable consists mainly of prepayment in relation to sand business in the supply of construction materials segment amounting to \$680,000. This amount had been fully impaired in prior years.

<sup>(c)</sup> On 30 October 2012, the Company had entered into a sales and purchase agreement (“S&P”) with 2 individual third parties (“Vendors”) to purchase 55% of equity shares (440,000 shares) of EIKA (Singapore) Pte. Ltd. (“EIKA”) from the Vendors at a purchase consideration of \$1,000,000 (“Purchase Price”). Based on the S&P, the Purchase Price had been derived based on the projected net tangible assets (“NTA”) of EIKA of \$2,000,000. The Purchase Price was to be adjusted based on a formula stipulated in the S&P if the actual NTA is less than \$2,000,000. As a result, the Group was entitled to a refund amount of \$969,381 based on the audited NTA, but the amount was not refunded by the Vendors. The shares were transferred to and registered in the name of the Company on 20 November 2012.

Legal proceeding was then brought against the Vendors to claim back the amount and the court case was resolved on 26 November 2016 that the Vendors had to repay \$969,381 plus 5.33% interest per annum from date of writ (ie. 14 May 2014) to the Company.

The Company also commenced bankruptcy application against one of the Vendors and both Vendors have since been made bankrupts and ceased to be directors of EIKA. With effect from 21 January 2019, the board of directors of EIKA only comprised 2 directors, who are both representatives from the Group.

<sup>(d)</sup> For deposit for an investment in unquoted shares which was completed after the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

## 15. OTHER CURRENT ASSETS (Continued)

The breakdown of impairment losses in respect of other current assets is as follows:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Amount due from minority shareholder in subsidiary	43	43	-	-
Other recoverable	681	838	-	-
Deposit paid to secure potential investment	1,000	1,000	1,000	1,000
Balance as at 30 June	<b>1,724</b>	<b>1,881</b>	<b>1,000</b>	<b>1,000</b>