EXTENDING OUR REACH

ANNUAL REPORT 2019

CONTENTS

EXTENDING OUR REACH
The cover illustrates a cityscape of Singapore, US and China with barcodes and icons to represent the ubiquity of the Company's core revenue driver. This concept symbolises DiSa's strength in versatility and strategic planning, driving growth in the fast-paced technology sector.

All figures in this annual report are in Singapore dollars unless otherwise indicated.

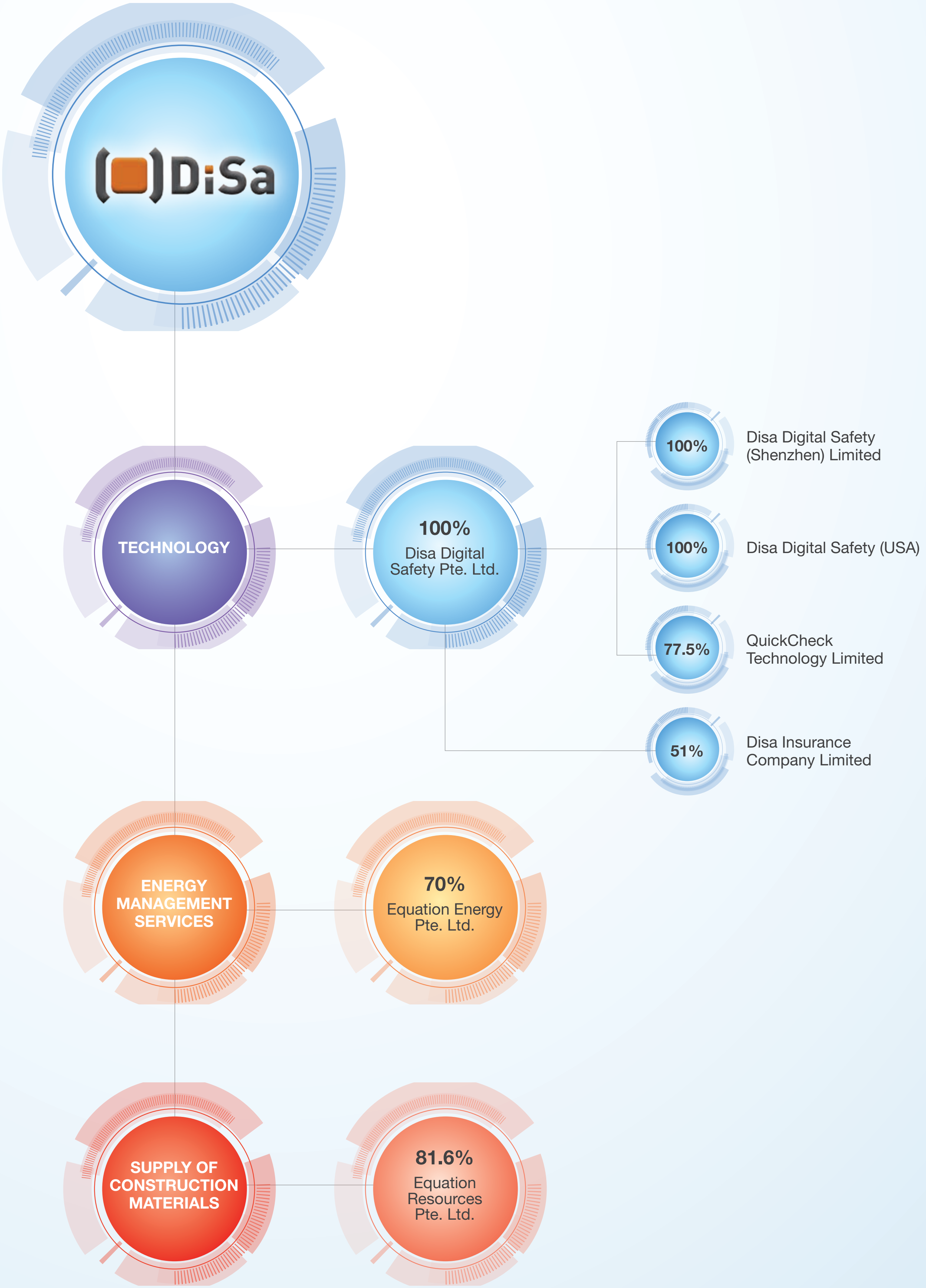
This annual report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinion made or reports contained in this annual report.

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

CORPORATE STRUCTURE

As at 30 June 2019



CORPORATE PROFILE

DISA LIMITED

DISA Limited ("DISA", and together with its subsidiaries, the "Group"), is an investment holding company listed on the SGX Catalist since 1992.

The Group is focusing on high-value services with long term economic resilience through globalisation initiatives.

The primary businesses of the Group will be to strengthen the Group's reliability and sustainability by way of leveraging in-house eco system research and development capability to innovate new product development with cloud-based platforms and digitalisation of product and services.

Advancing towards disruptive technology will be actively pursued in all industry segments as the Group continues to evolve its competitive edge to thrive in the digital era.

Since 2006, the Group has actively reviewed its businesses to focus on high-value services with long term potential while divesting non-core segments to complement its growth. Today, through its subsidiaries, the Group operates in three business segments, which includes Technology, Energy Management Services and the Supply of Construction Materials.

The Group has offices in Singapore, China and the United States of America ("USA").

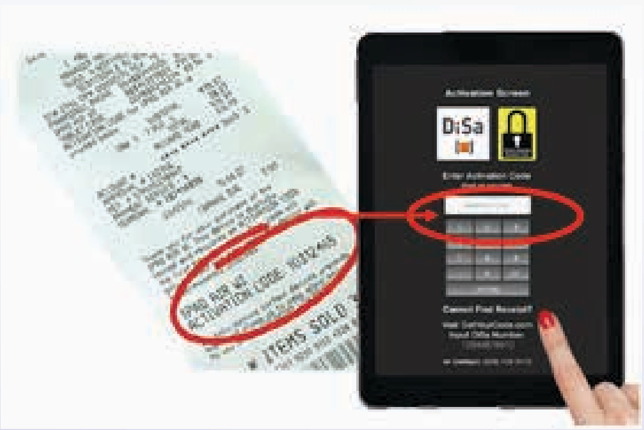
TECHNOLOGY

Disa Digital Safety Pte. Ltd. ("DDSPL") is a wholly owned subsidiary of DISA Limited that specializes in research and development of cutting-edge security solution.

Disa Digital Safety (USA), a wholly owned subsidiary of DDSPL, was named first place winner for the 2017 (R) Tech Asset Protection: Innovation Award by the Retail Industry Leaders Association, USA for its Point-of-Sale Activation ("PoSA Smart Lock") technology on 24 April 2017.

PoSA Smart Lock is the world's first digital asset-protection solution that removes the benefit of stealing by making the consumer electronic products non-functional until the point of payment by the consumer at retail stores.

DDSPL launched its Single-Scan Serialization ("3S Smart Barcode") to prevent return fraud within the same retailer in 2017. Since then, the number of 3S-Enabled product categories has been extended from baby products to many other products such as medical diagnostic kits and personal mobility devices.



3S Smart Barcode, effectively stops invalid returns, offers product visibility with real-time analytics from Product ID Live, and provides more accurate inventory calculations by rejecting invalid returns and giving more precise store and item sales and returns data.

Product ID Live, the first smart Asset Protection technology tool that proactively combats shrink and eliminates return fraud. Retailers and suppliers receive live 24/7 user access to individual item tracking, predictive algorithms, preventative warning notifications, merchandising tools, shrink and fraud alerts, and live inventory analytics.

ENERGY MANAGEMENT SERVICES

Equation Energy Pte. Ltd. ("EEPL") provides sustainable energy management solutions to the building industry in Singapore.

EEPL's core services cover Energy Auditing and Management, Design and Consultancy, funded solutions in Energy Performance Contracting.

In Energy Auditing and Management, EEPL's team of appointed engineers utilises high accuracy instrumentation complying with both Building & Construction Authority ("BCA") and International Performance Measurement & Verification Protocol ("IPMVP") for measurement and data verification.

EEPL's Design and Consultancy services are in line with BCA's Green Mark for Building Scheme launched in 2005 to move Singapore's construction industry towards more environmentally sustainable buildings. It provides clients with comprehensive gap analysis, Green Mark assessment audits and energy consultancy for both new and existing developments.

A key contributor to EEPL's top line in the area of performance contracting, wherein it will undertake to implement the plant and equipment retrofit as a funded design and build project and the actual savings realised is used to repay the project cost.

To date, EEPL has successfully completed a number of energy consultancies and implemented a number of energy performance contracts. Some of the completed and on-going projects include Bodynits at Changi, Bukit Timah Plaza, Golden Mile Tower, IMM@Jurong East, People's Park Complex, MOM Building at Bendemeer, Rivervale Mall, Tampines Mall and Wheelock Place.

SUPPLY OF CONSTRUCTION MATERIALS

Equation Resources Pte. Ltd. ("ERPL") is in the business of supplying and trading of construction materials including sand, granite and coal. ERPL owns 100% rights to granite reserves in an Indonesian quarry with more than 10 million metric tonnes reserve. The granites are to be shipped to Singapore for supply to major players in the construction industries. The business has been discontinued during the financial year 2014.

LETTER TO SHAREHOLDERS

At no cost to retailers, our PoSA (Point-of-Sale Activation) and 3S (Single Scan Serialisation) Solutions help retailers to improve their sales while reducing shrinkage and spending on asset security.

CHNG WENG WAH
Managing Director and Chief Executive Officer

TOH HOCK GHIM
Chairman

DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors of DISA Limited ("DISA" or the "Company", and together with its subsidiaries, the "Group"), we are pleased to present to you the annual report of the Group for the financial year ended 30 June 2019 ("FY2019").

FY2019 – A YEAR OF EXCITEMENT

Singapore's GDP is projected by the Ministry of Trade and Industry ("MTI") to grow between 0 per cent to 1 per cent for 2019, sharply down from its earlier projection of 1.5 per cent to 2.5 per cent. MTI attributes the downgrade to uncertainties from the US-China trade war, a slowdown in China, the weakening of the global tech electronics demand and Brexit[1]. In particular, the electronics sector will likely remain weak due to the sharp decline in the global semiconductor demand.

Despite a slowing economy, the Group has made good progress in its effort to increase the list of products in FY2019 adopting our asset protection technology. Samsung, an important player in the electronics and technology industry, has equipped its state-of-the-art Galaxy Tab A 8.0" model with Digital Safety ("DiSa") Smart Lock protection in October 2018. The technology helps to render stolen Samsung tablet non-operational.

Shortly after Samsung's adoption of DiSa Smart Lock protection solution, Swagtron, a leader in electric rideables in the US, in November 2018, has equipped its new Swagtron Classic hoverboards with DiSa's 3S to combat retail theft and return fraud. The 3S Smart Barcode protection, embedded in the product and packaging during production, features itemised tracking and security protection unique to every item.

Another prominent supplier in the US, Bailey Produce, a leader in delivering quality organic produce around the globe, has equipped its bananas with DiSa's FreshCounts Smart Barcode technology in March 2019. The technology allows the supplier to digitally track each individual bunch of bananas from the farm to the consumer. The tracking will reduce spoilage by monitoring sales and expiration dates and keep consumers protected by blocking the sale at the register of any recalled item. This monitoring system is the first adopted by a US retailer to allow digital tracking through the supply chain to the individual item at store and consumer level.

[1] Source: The Straits Times article on 14 August 2019 – Singapore slashes growth forecast; exports tumble

LETTER TO SHAREHOLDERS

During March 2019, the Group launched a first-of-its-kind integrated mobile phone warranty programme to protect phone users against cyber theft by collaborating with M1 Limited ("M1"). In the midst of a rising trend in e-wallet theft worldwide, M1 is the first telco in Singapore to offer DiSa's Cyber Theft Warranty programme to its phone users. In the event when phone users suffer any financial losses resulting from theft of their e-wallets, they can make a claim on DiSa's website for an amount up to the retail cost of the phone. Every phone under the warranty programme will be tagged with DiSa's 3S smart barcode. Globally, there has been a spike in mobile cybercrimes with soaring smartphone penetration. The collaboration with M1 is a significant milestone for DiSa in its effort to establish our presence in Singapore.

During FY2019, we expanded our business by acquiring a 51 per cent stake, via our wholly owned subsidiary, Disa Digital Safety Pte Ltd ("DDSPL"), in DISA Insurance Company Limited, to undertake the business of a captive insurer. This venture will provide another revenue stream to the Group.

In addition, the Group has also invested in, through DDSPL, SCash Technologies Pte Ltd ("SCash"), a Singapore-based start-up company providing mobile point-of-sale solutions. The investment was completed after the financial year. The collaboration between the Group and SCash allows SCash to leverage on DiSa's network of UK retail clients in the United States and to allow DiSa diversify its revenue streams. SCash mobile app helps merchants to transform their offline business into online business instantly. Merchants can gain full e-commerce capabilities by downloading the SCash app on their mobile devices and turning these devices into mobile points-of-sale. When they are registered for Alipay merchant access, a process which takes between 24 and 48 hours, they can immediately engage in cross-border transactions with Alipay's more than 630 million active users. Alipay users, especially Chinese tourists who use Alipay e-wallets, will then be able to pay for their purchases at retail stores and service outlets. SCash is the first independent software vendor for Alipay outside of China.

FUTURE

With the roll-out of 5G wireless networks gaining traction globally, the disruption of our daily and working lives is inevitable. Our Group is poised to seize the opportunities arising from the disruption given our focus over the past two years to find innovative ways to leverage our strength in asset protection. Our recent diversification into different revenue streams, which are closely related to the technology industry, also demonstrates our Group's preparedness in harnessing the disruption.

With global trends towards greater deployment of technology such as artificial intelligence in all aspects of our lives, we are optimistic that the adoption rate of our PoSA and 3S Solutions asset protection is set to grow. At no cost to retailers, our PoSA and 3S Solutions help retailers to improve their sales while reducing shrinkage and spending on asset security. We are confident that our strategy in focusing on developing revolutionary new technologies will enable the Group to achieve long-term growth.

SUSTAINABILITY MATTERS

We reaffirm our commitment to sustainability by publishing the sustainability report guided by the Global Reporting Initiative Standards: Core Option. We seek to provide insights into the way we do business, while highlighting our environmental, social, governance and economic performance.

OUR APPRECIATION

On behalf of the Board, we would like to extend our appreciation to the management and staff of the Group across Asia and the United States for their hard work and commitment to offer the highest level of service to our clients for the past year. We would also like to express our thanks to our shareholders, our clients and business partners for the unwavering support and belief in the Group's vision and in its leaders' stewardship.

We look forward to exploring untapped markets in the new financial year to bring the Group to the next level of growth.

TOH HOCK GHIM
Chairman

CHNG WENG WAH
Managing Director and Chief Executive Officer

BOARD OF DIRECTORS

TOH HOCK GHIM

Chairman, Non-Executive and Independent Director
Chairman, Board of Directors
Chairman, Nominating Committee
Member, Audit and Risks Management Committee and Remuneration Committee
First appointed on 11 January 2008
Last re-elected on 26 October 2018

Mr. Toh joined the Ministry of Foreign Affairs in October 1966 and had served in Singapore's diplomatic posts in Malaysia, the Philippines, Thailand, Vietnam and the Hong Kong & Macau Special Administrative Regions ("SARs"). He was Ambassador to Vietnam from January 1994 to January 2002 and Consul-General to the Hong Kong and Macau SARs from February 2002 to December 2007. He was appointed as Senior Adviser to the Ministry of Foreign Affairs upon his retirement from the Foreign Service at the end of 2007 till 2014. Mr. Toh obtained his Bachelor of Arts (Political Science) degree from the University of Singapore.

CHNG WENG WAH

Managing Director and Chief Executive Officer, Non-Independent
First appointed on 3 February 2005
Last re-elected on 30 November 2015

Mr. Chng oversees DISA Limited's growth and executes strategies by developing infrastructure, processes and applications through the deployment of new digital solutions. He has been seeking development opportunities proactively to capitalise the benefits of digitalisation.

Prior to joining DISA Limited, Mr. Chng held leadership roles in diverse fields across product research and development, innovation, marketing and sales. He was with Metech International Limited as its Director and Interim/Acting CEO, an executive director of LifeBrandz Ltd. and an independent director of AGV Group Limited. Mr. Chng was awarded the Asia Europe Entrepreneurs Award at the Berlin Asia Europe Young Entrepreneurs Forum.

LAU KAY HENG

Non-Executive and Independent Director
Chairman, Audit and Risks Management Committee
Member, Remuneration Committee and Nominating Committee
First appointed on 1 September 2011
Last re-elected on 28 October 2016

Mr. Lau has over 20 years of corporate management and corporate advisory experience spanning the Asia Pacific region for various multinational and Singapore-listed companies in the medical, chemical, pharmaceutical, interior floor covering and environmental industries. Mr. Lau is currently the Managing Director of a boutique corporate advisory firm specializing in corporate advisory, private equity, merger & acquisition, IPO transactions in Singapore, China, Korea, Australia and other countries in the region. Mr. Lau was awarded the prestigious Public Service Commission Scholarship and graduated from the National University of Singapore with a Bachelor of Science degree.

KAN AH CHYE

Non-Executive and Independent Director
Chairman, Remuneration Committee
Member, Audit and Risks Management Committee and Nominating Committee
First appointed on 12 February 2012
Last re-elected on 26 October 2018

Mr. Kan was appointed as an Independent Non-Executive Director on 12 February 2012. He graduated from the University of Malaya in 1969 with an Honours Degree in Economics and Accounting. He retired as a banker in 2007 as the Head of Corporate Banking with an international bank in Singapore. He has over 25 years of experience in corporate and investment banking in Singapore. Prior to coming to Singapore, Mr. Kan had worked for 12 years in project financing and investment banking in the leading development finance institution in Kuala Lumpur, Malaysia. In addition to his experience in banking and finance, Mr. Kan has also worked in a senior management capacity in a leading property development company in Singapore.

LIM SOON HOCK

Non-Executive and Non-Independent Director
Member, Audit and Risks Management Committee, Nominating Committee and Remuneration Committee
First appointed on 11 May 2017
Last re-elected on 27 October 2017

Mr. Lim has more than 30 years' of experience as a board member, CEO, technopreneur and private investor, across a variety of global industries, in a highly competitive environment.

He is currently the Founder and Managing Director of PLAN-B ICAG Pte Ltd, a boutique corporate advisory firm, which he set up after stepping down from Compaq Computer Asia Pacific, where he was the first Asian and Singaporean appointed to the position of Vice President and Managing Director of Compaq Computer Asia Pacific.

Post-Compaq, he has been involved in taking companies public, mergers and acquisitions, as well as consulting for several global MNCs and promising SMEs.

Mr. Lim continues to sit on the boards of several public listed companies and private companies. He received numerous awards in recognition of his work and public service. Mr. Lim holds a Bachelor of Engineering (Honours) from the University of Singapore.

He is also a Honorary Fellow of ASEAN Federation of Engineering Organisations, a Fellow of Institution of Engineers Singapore, Academy of Engineering Singapore, Institution of Engineering and Technology, UK, Singapore Computer Society, Singapore Institute of Directors and Singapore Institute of Arbitrators.

Mr. Lim is a Justice of the Peace, a Volunteer Mediator with our State Courts, an Adjunct Professor with the National University of Singapore and a SIMI Certified Mediator.

LOH EU TSE DEREK

Non-Executive and Independent Director
Member, Audit and Risks Management Committee, Nominating Committee and Remuneration Committee
First appointed on 11 May 2017
Last re-elected on 27 October 2017

Mr. Loh is an Advocate and Solicitor of the Supreme Court of Singapore and practices law in Singapore as a Partner at TSMP Law Corporation. He graduated from Cambridge University with honours in Master of Arts (Cantab) Law.

He is a member of the Board of Governors of St Joseph's Institution International in Singapore and a trustee and a member of the Management Committee of the St Joseph's Institution Foundation.

BOARD OF DIRECTORS

Information on the Directors' chairmanships and directorships both present and those held over the preceding five years in other listed companies are summarised below:

DIRECTOR	DIRECTORSHIPS/ CHAIRMANSHIPS IN OTHER LISTED COMPANIES (present & held over preceding 5 years)		OTHER PRINCIPAL COMMITMENTS
	Over preceding 5 years	**Present**	
Toh Hock Ghim	• AGV Group Limited • Fourth Link Inc. (listed on KOSDAQ) • LifeBrandz Ltd.	• AnAn International Limited • Auralite Investments Inc. (listed on TSX Venture Exchange) • FDG Kinetic Limited (listed on SEHK)	• NUHS Fund Limited • Precious Treasure Pte Ltd
Chng Weng Wah	• AGV Group Limited • LifeBrandz Ltd.[(1)]	None	• Circle Globe Limited • Disa Digital Safety Pte Ltd • Disa Digital Safety (USA) • Disa Insurance Company Limited
Lau Kay Heng	• Cacola Furniture International Limited • Premiere Eastern Energy Limited (listed on ASX)	• iBosses Corporation Limited (listed on ASX) • Regal International Group Ltd	• A3 International Investments Ltd • Asia M&A Group Pte Ltd • Stirling Coleman Capital Limited
Kan Ah Chye	• Compact Metal Industries Ltd.	• International Cement Group Ltd	None
Lim Soon Hock	• Stratech Systems Limited	• China Fishery Group Limited • Heatec Jietong Holdings Ltd	• Plan-B ICAG Pte Ltd • REDA Industrial Materials (Holding) Ltd • Tru-Marine Pte Ltd • REDA Pte Ltd • Archer (S) Pte Ltd • Verita Healthcare Group Ltd • Raffles Girls' Secondary School • Singapore Heart Foundation • Centre for Fathering Ltd • Singapore Eye Foundation • Singapore Prison Service, Ministry of Home Affairs • Home Detention Advisory Committee • Honour Singapore • National University of Singapore • State Courts Singapore (Court Volunteer as Mediator) • Justice of the Peace
Loh Eu Tse Derek	• Metech International Limited	• Adventus Holdings Limited • Federal International (2000) Ltd • K2 F&B Holdings Limited (listed on SEHK) • Vibrant Group Limited • Vietnam Enterprise Investments Limited (listed on LSE)	• TSMP Law Corporation • St Joseph's Institution International Elementary School • St Joesph's Institution International Ltd • St Joesph's Institution Foundation

(1) Directorship was changed from executive to non-executive with effect from 5 May 2017

LOW CHUAN JEE

Chief Financial Officer

Ms. Low is responsible for the finance, compliance and reporting functions of the Group. Her post-graduation experience in various capacities includes audit, financial accounting and she has worked in various public-listed companies. She holds a Bachelor of Accountancy from Nanyang Technological University and is a Chartered Accountant ("CA Singapore") of the Institute of Singapore Chartered Accountants ("ISCA").

WONG AH KIOW

Financial Controller of Disa Digital Safety Pte. Ltd. ("DDSPL")

Ms. Wong was appointed in August 2010. She is a CA Singapore with ISCA. Her main responsibilities include overseeing the entire DDSPL group finance team, management reporting function as well as strategic financial planning and compliance related matters. She has many years of working experience in the manufacturing industry, both local companies listed in Malaysia and multinational company listed in Singapore. Prior to this, she was an external auditor.

HAN YANG KWANG

Chief Executive of Disa Digital Safety (Shenzhen) Limited

Mr. Han has been engaged in the manufacturing industry for more than 15 years. Mr. Han is responsible for the overall operations of Disa Digital Safety (Shenzhen) Limited, managing the DiSa PoSA integration processes globally as well as overseeing the sales and marketing activities in USA. He started his career with Hewlett Packard and Texas Instruments. Mr. Han holds a Bachelor of Electrical and Electronics Engineering from National University of Singapore.

NG KAY CHOONG

Senior Vice President of Global Solution of DDSPL

Mr. Ng joined DDSPL in March 2017. He is responsible for the integration of the DiSa solution into retail products. He has over 20 years of factory experience with different major production organizations. He holds a Bachelor of Engineering from Nanyang Technological University, Singapore.

JACOB GULBRANSEN

Account Director of Disa Digital Safety (USA)

Mr. Gulbransen has over 16 years of retail sales and account management experience calling on major US retailers. Mr. Gulbransen is responsible for the onboarding of the product brand owners in the adoption of the Group's technology into their products. He has extensive experience within the entertainment and electronics categories earning the "Supplier of the Year" award for electronics and the "People" award for putting the customer first.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Independent Non-Executive Chairman
Toh Hock Ghim

Independent Non-Executive Directors
Lau Kay Heng
Kan Ah Chye
Loh Eu Tse Derek

Non-Independent and Non-Executive Director
Lim Soon Hock

Managing Director and Chief Executive Officer
Chng Weng Wah

AUDIT AND RISKS MANAGEMENT COMMITTEE
Lau Kay Heng (Chairman)
Toh Hock Ghim
Kan Ah Chye
Lim Soon Hock
Loh Eu Tse Derek

NOMINATING COMMITTEE
Toh Hock Ghim (Chairman)
Lau Kay Heng
Kan Ah Chye
Lim Soon Hock
Loh Eu Tse Derek

REMUNERATION COMMITTEE
Kan Ah Chye (Chairman)
Toh Hock Ghim
Lau Kay Heng
Lim Soon Hock
Loh Eu Tse Derek

DATE OF INCORPORATION
26 June 1975

LISTING
Listed on 24 March 1992 on Catalist

REGISTERED OFFICE
438A Alexandra Road
#08-12 Alexandra Technopark
Block A Lobby 3
Singapore 119967

COMPANY SECRETARY
Noraini Binte Noor Mohamed Abdul Latiff
Chia Swee Foong

AUDITORS
Messrs Crowe Horwath First Trust LLP
Chartered Accountants of Singapore
8 Shenton Way
#05-01 AXA Tower
Singapore 068811
Tel : +65 6221 0338
Fax : +65 6221 1080
Partner-In-Charge: Tan Teck Zhen
(a member of the Institute of Singapore Chartered Accountants)
(Appointed with effect from financial year ended 30 June 2019)

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712
Tel : +65 6812 1611
Fax : +65 6812 1601

PRINCIPAL LEGAL ADVISER
Bih Li & Lee, Singapore

PRINCIPAL BANKERS
China Merchants Bank (Shenzhen), People's Republic of China
First National Bank, USA
Malayan Banking Berhad, Labuan, Malaysia
The Development Bank of Singapore
United Overseas Bank Limited, Singapore

FINANCIAL CONTENTS

OPERATING AND FINANCIAL REVIEW

REVENUE

The Group's technology segment contributed close to 90% of FY2019's total revenue and saw an increase of 160.9% from $169,000 for the financial year ended 30 June 2018 ("FY2018") to $441,000 for the financial year ended 30 June 2019 ("FY2019"). The increase was driven by sale of more codes to non-electronics product suppliers and the sale of the first batch of codes to M1 during the fouth quarter of FY2019.

OTHER INCOME

Other income increased by $411,000 or 118.8% from $346,000 in FY2018 to $757,000 in FY2019. This was mainly attributable to (i) reversal of provision of legal liabilities; (ii) gain on disposal of fixed asset; (iii) net trade payable amounting to $141,000 being disclaimed; and (iv) rental income from leasing of excess office spaces, partially offset by a decrease in interest income earned from fixed deposits during the year as the Group utilised the fixed deposits to redeem the redeemable convertible bonds ("RCB") on 23 December 2018.

EXPENSES

Total cost and expenses for FY2019 amounted to $19,394,000 which was 70.6% higher compared to FY2018. The Group incurred higher costs and expenses for FY2019 mainly attributable to higher share option expense, offset by decreased marketing, upkeep of computer, travelling, call centre and recruitment expenses. The legal and professional fees decreased by 51.9% due to fewer engagements of external professional firms for public relations and business consultation services, refund for termination of a legal engagement and lesser provision of legal fees and reversal of professional expense. Depreciation and amortisation expenses and operating lease expenses remain largely the same for both years under review. The Group had written off goodwill of $17,000 relating to the acquisition of a subsidiary at the end of the financial year and made a full impairment of $9,131,000 for its intangible asset due to the negative value-in-use recoverable amount of the intangible assets.

With the repayment of RCB on 23 December 2018, the Group has minimum finance liabilities and incurred $5,000 in FY2019 for finance leases. Redemption of RCB on 23 December 2018 resulted in a reduction of finance costs by $558,000 from $1,127,000 in FY2018 to $569,000 in FY2019.

LOSS AFTER TAX

Due to the reasons stated above and income tax credit of $1,790,000, the net loss attributable to shareholders in FY2019 amounted to approximately $16,962,000.

FINANCIAL POSITION

Total assets of the Group decreased by $31,337,000 or 68.0% from $46,069,000 as at 30 June 2018 to $14,732,000 as at 30 June 2019, and were mainly due to the following:

i) Redemption of the Group's financial assets, amortised cost in redeemable preference shares of $2,222,000 in 1Q FY2019.

ii) Decrease in intangible assets from $10,535,000 to Nil was mainly due to amortisation charges and full impairment made during the financial year.

iii) A decrease of $512,000 in trade and other receivables was mainly due to receipt of payment from the Energy Management Services segment.

iv) Decrease in cash and bank balances of $17,569,000 over the financial year. Refer to explanation in "Cash Flows" below.

Total liabilities of the Group decreased by $16,156,000 or 86.1% from $18,755,000 as at 30 June 2018 to $2,599,000 as at 30 June 2019, and were mainly due to the following:

i) Redemption of RCB amounting to $11,998,000 in December 2018 together with the payment of accrued interests from the RCB was the main reason for the reduction in financial liabilities and accruals.

ii) Deferred tax liabilities decreased from $1,790,000 to Nil was mainly due to reduction in intangible assets as a result of amortisation followed by full impairment of intangible assets.

iii) Lower other expenses as well as a reduction in outstanding balance together with the reversal of legal provision as at 30 June 2019 were the main reasons for the decrease of $2,528,000 in trade and other payables, accruals and provisions and other liabilities compared to 30 June 2018.

CASH FLOWS

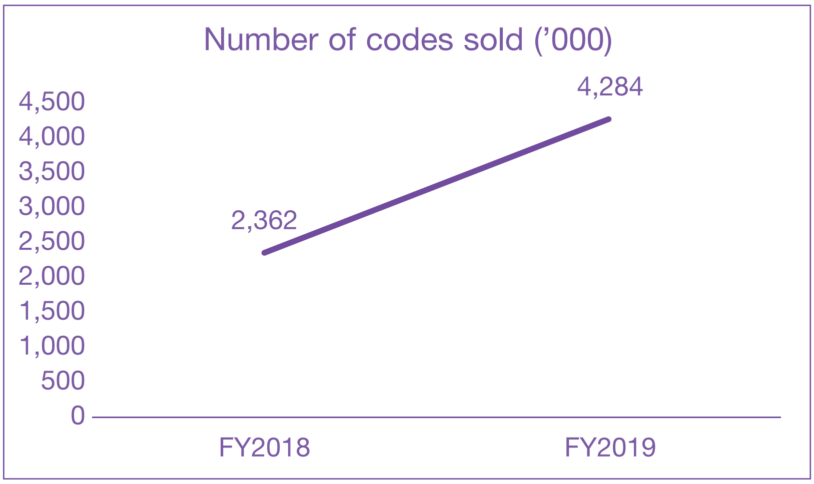
Net cash used in operating activities amounted to $6,394,000 in FY2019. Net operating cash outflow before working capital changes of $6,239,000 was mainly due to the loss before income tax for the financial year and net working capital outflow of $155,000. The net working capital outflow was mainly due to a decrease in trade and other payables of $775,000 and partially offset by a decrease in trade and other receivables of $198,000 and a decrease in other current assets of $422,000.

Net cash generated from investing activities of $2,531,000 was mainly due to receipt of proceeds from the redemption of redeemable preference shares, disposal of fixed assets, acquisition of a subsidiary and interest received partially offset by purchase of property, plant and equipment.

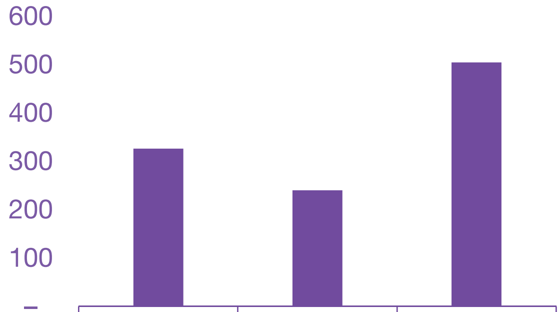
Net cash used in financing activities for FY2019 amounted to $13,673,000 which was mainly due to repayment of RCB amounting to $11,998,000, interest payment (including interest arising from RCB) of $1,655,000, and repayment of finance lease of $20,000.

Due to the reasons stated above, the Group recorded a net decrease in cash and cash equivalents of $17,536,000 in FY2019.

The Group ended FY2019 with minimum financial obligation and a cash and cash equivalents of $13,025,000, which includes $50,000 in pledged deposits.

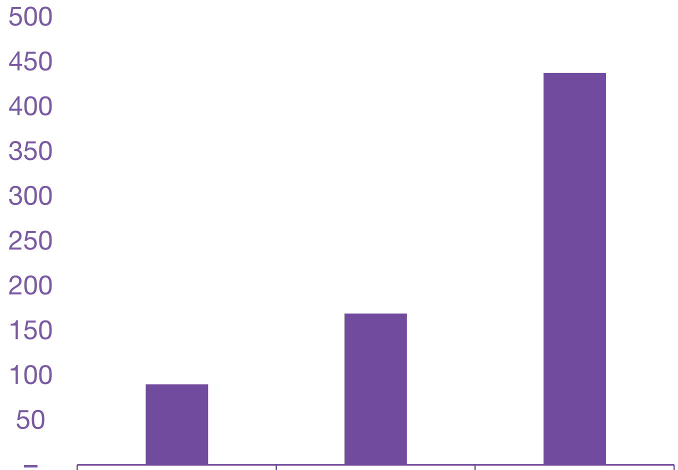


Group Revenue ($'000)



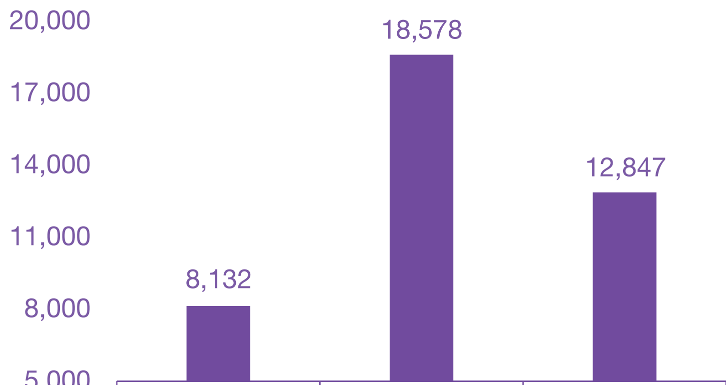
	2017	2018	2019
■ Group Revenue ($'000)	325	239	508

Technology Revenue ($'000)



	2017	2018	2019
■ Technology Revenue ($'000)	90	169	441

Net Cash ($'000)



	2017	2018	2019
■ Net Cash ($'000)	8,132	18,578	12,846

DISA Limited ("DISA" or the "Company") is fully committed to maintaining high standards of corporate governance within the Company and its subsidiaries (collectively, the "Group"). The Board recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders.

This annual report describes the Company's corporate governance processes and activities for the financial year ended 30 June 2019 ("FY2019"), with specific references made to the principles and guidelines of the Code of Corporate Governance 2012 ("Code"). The Board confirms that for FY2019, the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained deviations from the Code, if any, in this annual report. This report should be read in totality, instead of being read separately under each principle of the Code.

The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "2018 Code"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structures in place to comply with the 2018 Code, where appropriate, in the next annual report for the financial year ending 30 June 2020.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	DISA's Corporate Governance practices
1.1 The Board's role	The Board is accountable to the shareholders of the Company and oversees the overall management of the business and affairs of the Group, including providing leadership and supervision to the Management of the Group so as to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's principal responsibilities include: (1) guide the formulation of strategic directions, financial plans and major corporate policies; (2) monitor and review the Group's financial and operating performance; (3) review Management performance; (4) oversee the adequacy and integrity of the Group's internal controls, risk management, financial reporting and compliance; (5) identify principal risks of the Group's business, ensuring that such risks are assessed and managed, including safeguarding of shareholders' interests and the Company's assets; (6) approve major investment and divestment proposals, material acquisitions and disposals of assets;

Guidelines of the Code	DISA's Corporate Governance practices
	(7) assume responsibilities for good corporate governance practices; (8) approve the release of the financial results and annual report of the Group to shareholders; and (9) consider sustainability issues such as environmental and social factors as part of its strategic formulation.
1.2 Board to objectively discharge their duties and responsibilities in the interests of the company	The Board exercises due diligence and independent judgement, and are obliged to act in good faith and objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.
1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters	To facilitate effective management, certain functions have been delegated to various board committees, namely the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit and Risks Management Committee ("ARMC") (collectively the "Board Committees"), each of which has its own defined scope of duties and written terms of reference setting out the manner in which it is to operate and the functions for achieving its stated objectives. The Chairman of the respective Board Committees will report to the Board the outcome of the respective Board Committees' meetings. Minutes of the Board Committee meetings are made available to all Board members. The key terms of reference and composition of each Board Committee can be found in this report.
1.4 The number of Board and Board Committee meetings held in the year, as well as the attendance of every Board member at these meetings	The Board conducts regular scheduled meetings. Additional or ad-hoc meetings are convened when circumstances require. Board papers incorporating sufficient information from Management are forwarded to the Board members in advance of each Board meeting to enable each Board member sufficient time to prepare for the meetings. The Company's Constitution allows for a Board meeting to be conducted by way of tele-conference, video-conference or other electronic communication facilities through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously. At Board and Board Committee meetings, the Directors are free to discuss and openly challenge the views presented by Management and the other Directors. In lieu of physical meetings, written resolutions are also circularised for approval by members of the Board. The frequency of meetings and attendance of each Director at every Board and Board Committee meeting, are disclosed below:

	ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS							
	Board		ARMC		NC		RC	
Directors	No. of Meetings Held	Attendance	No. of Meetings Held	Attendance	No. of Meetings Held	Attendance	No. of Meetings Held	Attendance
Toh Hock Ghim (Chairman)	4	4	4	4	1	1	2	2
Chng Weng Wah (CEO)	4	4	NA	NA	NA	NA	NA	NA
Lau Kay Heng	4	4	4	4	1	1	2	2
Kan Ah Chye	4	3	4	3	1	1	2	1
Lim Soon Hock	4	3	4	3	1	1	2	2
Loh Eu Tse Derek	4	4	4	4	1	1	2	2

NA – Not Applicable

Guidelines of the Code	DISA's Corporate Governance practices
1.5 The type of material transactions that require Board approval under internal guidelines	Matters which are specifically reserved for decision by the Board include, amongst others, those involving material acquisitions and disposals of assets, corporate or financial restructuring and share issuance, dividends and other returns to shareholders. The Board also meets physically or by way of tele-conference, video-conferencing or other electronic communication facilities to review and consider, amongst others, the following corporate matters: • approval of quarterly and year-end results announcements; • approval of the annual report and financial statements; • convening of shareholders' meetings; • material acquisition and disposal of assets; • major corporate actions; • major investments and funding decisions; • financial performance and key operational initiatives; • interested person transactions; and • overseeing the implementation of appropriate systems to manage the Group's business risk.

Guidelines of the Code	DISA's Corporate Governance practices
1.6 and 1.7 Directors to receive appropriate training. The Board should also disclose in the company's annual report, the induction, orientation and training provided to new and existing Directors; Formal letter to be provided to Directors, setting out duties and obligations upon appointment.	The Chief Executive Officer ("CEO") ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. There was no new director appointed in FY2019. New directors, upon appointment, are briefed on the Group's structure, businesses, governance policies and regulatory issues. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations. Newly-appointed Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 406(3)(a) of Catalist Rules, which was revised to be consistent with the 2018 Code and effective from 1 January 2019, the Company will arrange for the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. From time to time, the Company Secretary and the Company's auditors will advise the Directors or if necessary, conduct briefings to the Directors on the new accounting standards and corporate governance practices as well as updates on any changes in the Companies Act, Chapter 50 and the Listing Manual - Section B: Rules of Catalist of the Singapore Exchange Securites Trading Limited ("Catalist Rules"). Directors may also request to visit the Group's operation facilities and meet with the Management in order to have a better understanding of the Group's business operations. The Directors are fully aware of the requirements in respect of their duties and obligations as a director and how to discharge those duties and obligations. The Company has available budget and will arrange for Directors to receive further relevant training in connection with their duties. Relevant courses include programmes conducted by the Singapore Institute of Directors or other training institutions. The CEO also updates the Board at each Board meeting on business and strategic developments relating to the industry that the Group operates in.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	DISA's Corporate Governance practices
2.1 and 2.2 There should be a strong and independent element on the Board. Independent Directors to make up at least half of the Board, where the Chairman of the Board and the CEO are the same person.	As at the date of this annual report, the Board has six (6) directors (each a "Director" and collectively the "Directors"), which comprises one (1) Executive Director, four (4) Independent and Non-Executive Directors and one (1) Non-Independent Non-Executive Director. As a cornerstone to achieving high standards of corporate governance, there is a strong and independent element on the Board, with Independent Directors making up four (4) out of six (6) members of the Board, including the Chairman of the Board. The composition of the Board complies with the recommendation under the Code that Independent Directors make up at least half of the Board, as well as the recommendation under the 2018 Code that the Non-Executive Directors make up a majority of the Board. This enables the Board to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues and no individual or small group of individuals dominates the Board's decision-making process. The composition of the Company's Board and Board Committees is set out below:

		Board Committees As Chairman or Member		
Directors	**Board Appointments** ● Executive or Non-Executive Director ● Independent or Non-Independent Director	**ARMC**	**NC**	**RC**
Toh Hock Ghim (Chairman)	Non-Executive/ Independent	Member	Chairman	Member
Chng Weng Wah (CEO)	Executive/ Non-Independent	–	–	–
Lau Kay Heng	Non-Executive/ Independent	Chairman	Member	Member
Kan Ah Chye	Non-Executive/ Independent	Member	Member	Chairman
Lim Soon Hock	Non-Executive/ Non-Independent	Member	Member	Member
Loh Eu Tse Derek	Non-Executive/ Independent	Member	Member	Member

Guidelines of the Code	DISA's Corporate Governance practices
2.3 and 2.4 The Board should identify in the company's annual report, each director it considers to be independent. Board to explain when it deems a non-independent director as independent and when it considers an independent director who has served on the Board for more than nine years from the date of his first appointment, to be independent.	The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The NC adopts the definition of what constitutes an Independent Director from the Code, the 2018 Code and the Catalist Rules in its review. The Board, after taking into account the views of the NC, is of the view that the Independent Directors are independent in character and judgement and there are no relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

Guidelines of the Code	DISA's Corporate Governance practices
	Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the 2018 Code. In relation to the assessment of the independence of the Directors, specific tests of Directors' independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019, it stipulates that a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. Currently, the Chairman of the Board, Mr. Toh Hock Ghim ("Mr. Toh"), has served on the Board for more than eleven (11) years from the date of his first appointment (11 January 2008). In accordance with Guideline 2.4 of the Code, Mr. Toh has been subject to a rigorous review of his independence. Accordingly, the NC, in consultation with the Board, had reviewed rigorously and considered the independence of Mr. Toh and is of the view that Mr. Toh remains independent in character and judgement. In arriving at its conclusion, the NC and the Board took into consideration his participation in and recommendations to the Board and the Board Committees during meetings and discussion, the Board noted that Mr. Toh had provided impartial advice and insights, and exercised independence and objectivity at all times. The Board is also of the opinion that Mr. Toh continues to exercise independence and is effective in his oversight role as a check and balance on the acts of the Executive Director and Management of the Company. Mr. Toh had abstained from the Board's and NC's review on this matter.
2.5 Appropriate size of Board	The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive for effective discussion and decision-making and that the Board has an appropriate balance of Independent Directors. The Board is of the view that the current Board size and composition is appropriate, taking into account the scope and nature of the Group's operations.

Guidelines of the Code	DISA's Corporate Governance practices
2.6 Board to comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company; and with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	The Board comprises respected individuals from different backgrounds and who as a group provides core competencies, such as business management experience, industry knowledge, financial and strategic planning experience and customer-based knowledge that are extensive and critical to meet the Group's objectives. Together, the Directors bring a wide and diverse range of business, finance and management experience that will provide effective governance and stewardship for the Group. Please refer to the "Board of Directors" section of this annual report for the Directors' profile.
2.7 Role of Non-Executive Directors	The Board comprises four (4) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director who constructively challenge and help develop proposals on strategy; and review Management's performance and monitor the reporting of performance.
2.8 Meetings of Non-Executive Directors without the presence of Management	Where warranted, the Non-Executive Directors meet without the presence of Management or Executive Director(s) to review any matter that may be raised privately.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	DISA's Corporate Governance practices
3.1 Chairman and CEO should be separate persons; division of responsibilities should be clearly established	The roles of the Chairman and CEO are separated and their responsibilities are clearly defined to ensure a balance of power and authority within the Company. The Chairman of the Board, Mr. Toh is an Independent Non-Executive Director. As Chairman of the Board, Mr. Toh is responsible for leading the Board and facilitating its effectiveness and his duties include promoting high standards of corporate governance. The CEO, Mr. Chng Weng Wah, has full executive responsibilities of the overall business and operational decisions of the Company.
3.2 Chairman's role	As part of his duties, the Chairman also ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the CEO, acting as facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. In addition, the Chairman ensures that Board members are provided with complete, adequate and timely information, facilitates the effective contribution of Non-Executive Directors, ensures there is effective communication with shareholders and promotes high standards of corporate governance.

Guidelines of the Code	DISA's Corporate Governance practices
3.3 and 3.4 Appointment of lead independent director	There is no lead independent director appointed as the Chairman and CEO do not fall under any of the categories as defined in Guideline 3.3 of the Code.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Guidelines of the Code	DISA's Corporate Governance practices
4.1 NC to comprise at least three directors, majority of whom, including the NC Chairman should be independent. The Board should disclose in the Company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	The NC comprises one (1) Non-Independent and Non-Executive Director and four (4) Independent Non-Executive Directors. Accordingly, majority of the NC, including the Chairman of the NC, is independent. The composition of the NC is set out on page 19 of this annual report. The Chairman of the NC is not associated with the Company, its related corporations, its 5% shareholders and its officers. The responsibilities of the NC are described in its written terms of reference. The NC's principal responsibilities include the following: (1) make recommendations to the Board on all Board appointments; (2) propose to re-nominate existing Directors, having regard to the Directors' contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director; (3) assess annually whether or not a Director is independent; (4) assess whether or not a Director is able to and has been adequately carrying out his duties as a Director; (5) propose an objective performance criteria to evaluate the Board's performance, subject to the approval of the Board; (6) review training and professional development programs for the Board; and (7) assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board, and to decide how the Board may be evaluated.

Guidelines of the Code	DISA's Corporate Governance practices
4.2 NC responsible for re-nomination of Directors; All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three years	The NC assesses and recommends re-appointments of Directors to the Board. Each member of the NC shall abstain from recommending his own re-election. In accordance with Regulations 92 and 93 of the Company's Constitution, all Directors shall retire from office once at least in each three years by rotation and all newly appointed directors will have to retire at the next Annual General Meeting ("AGM") following their appointments. The retiring directors are eligible to offer themselves for re-election. Pursuant to Regulation 92 of the Company's Constitution, the NC has recommended two (2) Directors, namely Mr. Chng Weng Wah and Mr. Lau Kay Heng be nominated for re-election at the forthcoming AGM of the Company (the "Nominations"). In considering the Nominations, the NC took into account the contribution of the Directors with reference to their attendance and participation at Board and other Board Committee meetings as well as the proficiency with which they have discharged their responsibilities. The key information for each Director is disclosed in their profile as set out in the section entitled "Board of Directors" of this annual report. In addition, pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election is disclosed in the section entitled "Additional Information on Directors Seeking Re-election" of this annual report.
4.3 NC to determine Directors' independence annually	The NC has reviewed the independence of each Director for FY2019 in accordance with the Code's definition of independence and is satisfied that more than half of the Board comprised Independent Directors. The NC carries out the review of independence of each Director on an annual basis.
4.4 NC to decide if a Director who has multiple board representations is able to and has been adequately carrying out his/her duties as a Director of the company. Internal guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's annual report.	Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as Director of the Company. The Board is of the view that it may not be necessary at this juncture to set a maximum number of listed company board representations which any director may hold as the contribution of each Director would depend on their individual circumstances.

Guidelines of the Code	DISA's Corporate Governance practices
4.5 and 4.6 Avoid approving the appointment of alternate Directors; Description of process for selection and appointment of new Directors, including the search and nomination process, should be disclosed	The Board provides for appointment of alternate Director only in exceptional cases such as when a Director has a medical emergency. The Board will take into consideration the same criteria for selection of Directors such as his qualifications, competencies and independence. Currently, there is no alternate Director on the Board. The search and nomination process for new Directors, if any, will be through search companies, contacts and recommendations to cast its net as wide as possible for the right candidate. In identifying and evaluating nominees for appointment as Directors, the NC assesses the candidates based on their background, qualification, work experience and integrity. In the case of candidates for Independent Directors, the NC will also consider the independence of such candidates. The NC reports the results of such assessments and makes recommendations to the Board for the Board to decide on the appointment.
4.7 Key information regarding Directors should be disclosed in the annual report; Names of Directors submitted for election or re-election should also be accompanied by details and information to enable shareholders to make informed decisions	The key information in respect of the Directors' academic and professional qualifications, date of first appointment as a Director, date of last re-appointment as a Director, present directorships or chairmanship and those held over the preceding five years in other listed companies and other principal commitments are set out in the "Board of Directors" section of this annual report. In addition, information on shareholdings in the Company held by each Director is set out in the Directors' Statement in the "Financial Statements" section of this annual report. In respect of the Nominations, there are no relationships including family relationships between the retiring Directors and the other Directors of the Company, the Company or its 5% shareholders.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

Guidelines of the Code	DISA's Corporate Governance practices
5.1 Board to implement process to assess the Board performance as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Assessment process should be disclosed in the annual report	Taking into consideration the current size of the Board and that four (4) out of the five (5) Non-Executive Directors are independent and all the three Board Committees comprises majority Independent Directors, the NC has established review processes to assess the performance and effectiveness of the Board as a whole and its Board Committees and the assessment of the contribution by the Chairman and each individual Director to the effectiveness of the Board.

Guidelines of the Code	DISA's Corporate Governance practices
	The NC will critically evaluate the Board's performance on a collective basis by means of a questionnaire that deals with matters on Board composition, information to the Board, Board procedures, Board accountability, CEO/top Management and the standards of conduct. The objective of the performance evaluation exercise is to uncover strengths and challenges so that the Board is in a better position to provide the required expertise and oversight. There is no external facilitator engaged for the Board's assessment process for FY2019.
5.2 NC should decide how the Board's performance may be evaluated and propose objective performance criteria; Performance criteria should address how the Board has enhanced long-term shareholders' value	The NC has conducted a formal assessment of the effectiveness of the Board on a collective basis for FY2019 by means of a questionnaire. The NC is satisfied with the effectiveness of the Board as a whole and also the contribution by each Director to the effectiveness of the Board. The NC is of the view that the Board, as a group, also possesses the necessary core competencies to direct the Company and Management to perform efficiently and effectively.
5.3 Individual evaluation to assess Directors' effectiveness in contributions and commitment to the role; Chairman should act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of directors, in consultation with the NC	The NC, on an annual basis and in considering the reappointment of any Director, will evaluate the performance of the Director. The assessment of each Director's performance is undertaken by the Chairman of the NC. The criteria for assessment include but not limited to attendance record at meetings of the Board and Board committees, intensity of participation at meetings and the quality of contributions. The NC, in concurrence with the Chairman of the Board, is satisfied that each Director is contributing to overall effectiveness of the Board.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code	DISA's Corporate Governance practices
6.1 Board members to be provided with complete and adequate information in timely manner; Board to have separate and independent access to the senior Management	Board members are provided with adequate and timely information prior to Board and Board Committee meetings, and on an on-going basis. Requests for information from the Board are dealt with promptly by Management as needed for the Directors to make informed decisions. Board interaction with, and independent access to, the Management is encouraged. The Board is informed of all material events and transactions as and when they occur.

Guidelines of the Code	DISA's Corporate Governance practices
6.2 To include background and explanatory information, copies of budgets and forecast with explanations for any variances.	The Board is provided with Management reports, and papers containing relevant background or explanatory information required to support the decision-making process on an on-going basis. Proposals to the Board for decision or mandate sought by Management are in the form of memorandums or Board papers that give the facts, analysis, resources needed, expected outcome, conclusions and recommendations. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed.
6.3 Directors to have access to Company Secretary; Role of Company Secretary	The Directors have separate and independent access to the Management and the Company Secretary. The Company Secretary administers and prepares minutes of Board Committees' meetings and Board meetings attended. Such minutes of meetings are circulated to the Board. The Company Secretary also assists the Board to ensure that Board procedures are followed and that applicable rules and regulations (in particular the Code, the 2018 Code, the Companies Act, (Chapter 50) of Singapore and the Catalist Rules) are complied with. The agenda for Board and Board Committee meetings are prepared in consultation with the Chairman, the chairpersons of the respective committees, and the CEO to ensure good information flow within the Board and Board Committees, as well as between the Management and the Non-Executive Directors. The Company Secretary advises the Board on all governance matters and attends all Board and Board Committee meetings.
6.4 Appointment and removal of the Company Secretary should be a matter for the Board as a whole	The Board, as a whole, is involved in the appointment and removal of the Company Secretary.
6.5 Procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense	The Directors, whether as a group or individually, may seek or obtain legal and other independent professional advice, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as directors. Any cost of obtaining such professional advice will be borne by the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Guidelines of the Code	DISA's Corporate Governance practices
7.1 RC to consist entirely of Non-Executive Directors; majority including RC Chairman, should be independent. The Board should disclose in the Company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	The RC comprises five (5) members, all of whom are Non-Executive Directors, majority of whom, including the Chairman of the RC, are Independent Directors. The composition of the RC is set out on page 19 of this annual report. The RC is regulated by its terms of reference. The duties of the RC include the following: (1) recommending to the Board a framework of remuneration for the Board, key management personnel of the Group and those employees related to the Executive Director(s) and controlling shareholders of the Group, covering all aspects of remuneration such as Directors' fees, salaries, allowances, bonuses, options and benefits in kind; (2) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; (3) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Director(s) or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group; (4) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; (5) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and Executive Officers and to align the interests of the Directors and Executive Officers with the long-term interests of the Company; and (6) overseeing the administration of the DISA Employee Share Option Scheme and the DISA Performance Shares Scheme (refer to Principle 8.2 of this report for further details of both schemes) or any other similar share plans as may be implemented by the Company from time to time and decide on the allocations and grants of such options or shares to eligible participants.

Guidelines of the Code	DISA's Corporate Governance practices
7.2 RC to recommend a framework of remuneration for each Director and key management personnel; Recommendations should be submitted for endorsement by the entire Board; RC to review remuneration of key management personnel	The Company sets remuneration packages to ensure it is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Group successfully. The RC recommends for Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to Directors' fees (where applicable), salaries, allowances, bonuses, share options, and benefits in kind and specific remuneration packages for each Director and key executive. No Director is involved in deciding his own remuneration.
7.3 RC should seek expert advice, if necessary. The names and firms of the remuneration consultants and a statement on whether the remuneration consultants have any such relationships with the company should be disclosed	Where necessary, the RC shall seek expert advice inside and/or outside the Company on remuneration of all directors. The RC shall ensure that any relationship between the appointed consultant and any of its Director or the Company will not affect the independence and objectivity of the remuneration consultant. There was no remuneration consultant engaged for FY2019.
7.4 RC should review the company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance	The RC will also review the Company's obligations arising in the event of termination of the Executive Director's and key management personnels' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses, which are not overly generous.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code	DISA's Corporate Governance practices
8.1 Package should align Executive Directors' and key management personnel's interests with shareholders' interest and promote the long-term success of the Company; Appropriate and meaningful measures to assess Executive Directors' and key management personnel performance	In determining the level of remuneration, the RC shall: • give due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate directors needed to run the Company successfully, taking into account the risk policies of the Company and be symmetric with risks outcomes and be sensitive to the time horizon of risks;

Guidelines of the Code	DISA's Corporate Governance practices
	• ensure that a proportion of the remuneration is linked to corporate and individual's performance; and • design remuneration packages in such manner to align the interests of the Executive Director(s) and key management personnel with those of shareholders. Annual review is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel is commensurate with the Company's and their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.
8.2 Long-term incentive schemes are generally encouraged and the cost and benefits of long-term incentive schemes should be carefully evaluated.	The Company has a share option scheme known as the DISA Employee Share Option Scheme (the "DISA ESOS") which serves as a long-term incentive scheme for the Directors and employees of the Company. The DISA ESOS (the "ESOS 2010") was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 28 October 2010 ("Date of Adoption"). The ESOS 2010 shall continue to be in force at the discretion of the Company subject to a maximum period of 10 years commencing from the Date of Adoption till 27 October 2020. Controlling shareholders of the Company or associates of controlling shareholders shall not participate in the ESOS 2010, unless it has been approved by the independent shareholders in general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each (i) his participation and (ii) the actual number of shares and terms of any option to be granted to him. During FY2019, the Company granted an aggregate of 610,500,000 share options pursuant to the ESOS 2010. The Company also has a performance shares scheme known as DISA Performance Shares Scheme ("DISA PS Scheme") which serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. Shareholders have approved the renewal of DISA PS Scheme on 26 October 2018. Controlling shareholders of the Company and their associates are eligible to participate in the DISA PS Scheme. No awards were granted under the DISA PS Scheme during FY2019. The ESOS 2010 is administered by a committee comprising Mr. Lau Kay Heng (Chairman), Mr. Chng Weng Wah and Mr. Toh Hock Ghim. However, no member of the committee shall be involved in any deliberation in respect of options to be granted to him. The DISA PS Scheme is administered by a committee comprising Mr. Toh Hock Ghim (Chairman), Mr. Chng Weng Wah and Mr. Lau Kay Heng.

Guidelines of the Code	DISA's Corporate Governance practices
8.3 Remuneration for Non-Executive Directors should be appropriate to level of contribution, effort, time spent and responsibilities. Non-executive Directors should not be over-compensated to the extent that their independence may be compromised	The Non-Executive Directors do not have any service contracts. Each of them is paid a basic fee, determined by the Board based on their level of contribution and scope of responsibilities. The Chairman of the Board also receives a minimal fee for chairing the Board meetings. These fees are subject to approval by shareholders as a lump sum payment at the AGM of the Company. The Board, together with the NC, ensures that the Independent Non-Executive Directors are not compensated to the extent that their independence is compromised.
8.4 Companies are encouraged to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.	The Company does not have contractual provisions to allow the reclaim of incentive components of remuneration from Executive Directors and key management personnel. The RC, together with the Board, will monitor and re-assess at the appropriate juncture again on whether such contractual provisions are necessary.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Guidelines of the Code	DISA's Corporate Governance practices
9.1, 9.2 & 9.3 Remuneration of Directors, the CEO and at least the top 5 key management personnel (who are not directors) should be reported to shareholders annually. The Company should fully disclose the remuneration of each individual Director and the CEO on a named basis. For the top 5 key management personnel, the Company should name and disclose the remuneration in applicable bands of $250,000 and disclose in aggregate the total remuneration paid to the top 5 key management personnel (who are not Directors or the CEO)	Directors' Remuneration There are both fixed and variable components to the Executive Director's remuneration. The variable components are tied to the Group's performance. Given the highly competitive conditions of the Company's industry and that the total Directors' fees payable to Directors are subject to shareholders approval, the Company believes that the full disclosure of each Director's remuneration as recommended by the Code may not be in the best interest of the Company. A breakdown showing the level and percentage mix of each individual Director's remuneration paid/payable for FY2019 are as follows:

	Remuneration Band	Salary or Fees	Performance Related Income/ Bonuses	Other Benefits*	Total Remuneration
	$	%	%	%	%
Executive Director					
Chng Weng Wah	Between 1,000,000 and 1,250,000	97	–	3	100
Non-Executive Directors					
Toh Hock Ghim	<250,000	90	–	10	100
Lau Kay Heng	<250,000	96	–	4	100
Kan Ah Chye	<250,000	100	–	-	100
Lim Soon Hock	<250,000	100	–	-	100
Loh Eu Tse Derek	<250,000	100	–	-	100

* Other Benefits include amongst other things, allowances for transport and training

Top 5 Key Management Personnel's Remuneration

For FY2019, the Group has 6 key management personnel. The remuneration of the top 5 key management personnel (who are not Directors or the CEO of the Company) are set out below in bands of $250,000. The aggregate remuneration of the top 5 key management personnel for FY2019 is $2,639,000, which includes the grant of share options of the Company. Given the highly competitive conditions of the Company's industry, the Company believes that the full disclosure and breakdown of each key management personnel's remuneration as recommended by the Code may not be in the best interest of the Company. The names of the key management personnel are not disclosed to maintain the confidentiality of the remuneration packages of these key executives.

Remuneration Bands $	No. of Executives
< 250,000	1
Between 250,000 and 500,000	2
Between 500,001 and 750,000	1
Between 1,000,000 and 1,250,000	1

No termination, retirement and post-employment benefits is granted to our Directors, CEO and the top 5 key management personnel of the Group during FY2019.

<table>
<tr><th>Guidelines of the Code</th><th>DISA's Corporate Governance practices</th></tr>
<tr><td>9.4 Disclose remuneration details of employees who are immediate family members of a Director or the CEO, and whose remuneration exceed $50,000 during the year</td><td>Mr. Chng Weng Huat, is the sibling of the CEO, Mr. Chng Weng Wah. Mr. Chng Weng Huat is employed by the Company as a Solutions Director of the Company with effect from 1 May 2017, and received remuneration in that respective capacity.

A breakdown showing the percentage mix of Mr. Chng Weng Huat's remuneration paid/payable for FY2019 are as follows:

<table>
<tr><th>Remuneration Band
$</th><th>Salary
%</th><th>Bonuses
%</th><th>Other Benefits*
%</th><th>Total Remuneration
%</th></tr>
<tr><td>Between 300,000 to 350,000</td><td>44</td><td>–</td><td>56</td><td>100</td></tr>
</table>

*Other Benefits include share options</td></tr>
<tr><td>9.5 Details of employee share scheme</td><td>Details of the DISA Employee Share Option Scheme and DISA Performance Shares Scheme are set out under Principle 8.2 of this report, as well as the Directors' Statement on pages 64 to 68 of the annual report.</td></tr>
<tr><td>9.6 Companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance.</td><td>The Company's remuneration system is flexible and responsive to the market and the performance of the Company and the individual Executive Director or key management personnel. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual Executive Director or key management personnel. Taking into consideration the nature of the Company's business activities, certain performance measurements include key financial targets and operational efficiency indicators. The report on the remuneration of top five key management personnel (who are not Directors) of the Company is disclosed under Principle 9.1 of this report.</td></tr>
</table>

PRINCIPLE 10: ACCOUNTABILITY

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Guidelines of the Code	DISA's Corporate Governance practices
10.1 & 10.2 Board's responsibility to provide balanced, understandable assessment of Company's performance, position and prospects; Board should take adequate steps to ensure compliance with legislative and Regulatory requirements.	The Board provides shareholders with quarterly and annual financial reports within the legally prescribed periods. Results for the first three quarters are released to shareholders within 45 days of the end of the quarter. Annual results are released within 60 days of the financial year-end. In our financial result announcements to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

Guidelines of the Code	DISA's Corporate Governance practices
	To ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, the Board, through the Management, reviews the relevant compliance reports and ensure that the Management seeks the Board's approval of such reports or requirements.
10.3 Management should provide Board with management accounts on a monthly basis	Management provides the Executive Director with a monthly financial report. Monthly meetings are conducted involving the Management and the respective business units heads. Additional or ad-hoc meetings are conducted, when required. Management make presentations to the Board on a quarterly basis on the financial performance of the Group, or as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines of the Code	DISA's Corporate Governance practices
11.1 & 11.2 Board to determine the Company's levels of risk tolerance and risk policies and to review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls established by Management at least annually	The Board oversees Management in the area of risk management and internal control system. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks as well as take appropriate measures to control and mitigate these risks. Management highlights and discusses (if any) salient risk management matters to the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. The Board reviews the adequacy and effectiveness of the Company's risk management framework and internal control system annually. For FY2019, the internal audit of the Group was outsourced to a third-party professional firm. The ARMC evaluates the findings of the external and internal auditors on the Group's internal controls annually.

Guidelines of the Code	DISA's Corporate Governance practices
11.3 Board's comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. The Board should also comment in the company's annual report on whether it has received assurance from the CEO and the Chief Financial Officer ("CFO").	Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Based on the internal control policies and procedures established and maintained by the Group, and the continuous effort at enhancing such controls and procedures, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group has a robust and effective internal control system addressing financial, operational, compliance and information technology controls and risk management systems that is adequate and effective to meet the needs of the Group in its current business environment. The Board has also received assurance from the CEO and CFO: (a) that the financial records have been properly maintained and the financial statements for the financial year ended 30 June 2019 give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems including financial, operational, compliance and information technology controls, and risk management systems are effective.
11.4 Establishment of a separate Board risk committee or otherwise assess appropriate means to assist the Board in carrying out its responsibility of overseeing the company's risk management framework and policies	The ARMC of the Company has been assisting the Board in carrying out, among other things, its responsibility of overseeing the Group's risk management framework and policies.

PRINCIPLE 12: AUDIT AND RISKS MANAGEMENT COMMITTEE

The Board should establish an ARMC with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	DISA's Corporate Governance practices
12.1 AC should comprise at least three directors, all non-executives, and the majority of whom including the Chairman, are independent. The Board should disclose the names of the members of the AC, its key terms of reference, explaining its role and authority delegated to it by the Board	The ARMC comprises five (5) members, all of whom are Non-Executive Directors, majority of whom, including the Chairman of the ARMC, are Independent Directors. The composition of the ARMC is set out on page 19 of this annual report. The profiles of the ARMC members are set out on pages 6 and 7 of this annual report. The key terms of reference of the ARMC, its role and authority are further detailed in Principle 12.4 of this report.
12.2 Board to ensure AC members are appropriately qualified to discharge their responsibilities	The Board considers the members of the ARMC to be qualified to discharge the responsibilities of the ARMC as four members of the ARMC, including the Chairman of the ARMC, have accounting or related financial management expertise or experience.
12.3 AC to have explicit authority to investigate any matter and have full access and co-operation by Management, and reasonable resources to discharge its functions	The ARMC is authorised by the Board to investigate into any activity within its terms of reference. It has unrestricted access to information relating to the Group, to both internal and external auditors and has full discretion to invite any Director or Executive Officer to attend its meetings. The ARMC has expressed power to commission investigations into any matters, which has or is likely to have material impact on the Group's operating results and/or financial position. The ARMC has adequate resources to enable it to discharge its responsibilities properly.
12.4 Duties of the AC	The ARMC is regulated by its terms of reference and meets at least four times a year and as warranted by circumstances, to perform the following functions: (1) review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; (2) review of the external auditors' audit plan, audit report and their evaluation of the Group's systems of internal accounting controls; (3) review the scope and results of the external audit and its cost effectiveness; (4) review the co-operation given by the Management to the external auditors; (5) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's results or financial position;

Guidelines of the Code	DISA's Corporate Governance practices
	(6) review the Group's financial results, external auditors' reports and the results announcements before submission to the Board for approval; (7) make recommendations and nominate external auditors for appointment and re-appointment and review their independence and objectivity; (8) approve the appointment, remuneration and terms of engagement of the external auditors and internal auditors; (9) review interested person transactions, if any, and potential conflict of interests; (10) review the adequacy of the Group's material internal controls (including financial, operational, compliance and information technology controls) and risk management policies as well as the effectiveness of the Group's internal audit function; (11) review the scope and results of the internal audit procedures; (12) review arrangements by which staff of the Group may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action; and (13) assist the Board in ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets, and to determine the nature and extend of significant risk which the Board is willing to take in achieving its strategic objectives. Minutes of the ARMC meetings are regularly submitted to the Board for its information and review. In the review of the financial statements for FY2019, the ARMC had discussed with Management and the external auditors on significant issues and assumptions that impact the financial statements.
12.5 AC to meet internal and external auditors, without presence of the Management, at least annually	For FY2019, the ARMC met with the external and internal auditors without the presence of the Management for the purpose of facilitating discussion of the responses by Management on audit matters. The ARMC has reviewed the findings of the auditors and the assistance given to the auditors by the Management.

Guidelines of the Code	DISA's Corporate Governance practices
12.6 AC to review independence of external auditors annually and to state the aggregate amount of fees paid to the external auditors and a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement.	During the financial year under review, the fees paid to the external auditors of the Company, Messrs Crowe Horwath First Trust LLP (the "External Auditors"), for audit amounted to $54,000. No non-audit service fee was paid to the External Auditors. The ARMC has conducted a review and noted that there are no non-audit services provided by the External Auditors during FY2019 and is satisfied with the independence and objectivity of the External Auditors. The ARMC constantly bears in mind the need to maintain a balance between the independence and objectivity of the External Auditors and the work carried out by the External Auditors based on value-for-money considerations. The External Auditors have unrestricted access to the ARMC. In addition, the ARMC has reviewed the adequacy of the resources, experience of the External Auditors and of the audit engagement partner assigned to the audit. The ARMC is satisfied that the external auditors are able to meet their audit obligations. Accordingly, the Company has complied with Rule 712 of the Catalist Rules. Both the ARMC and the Board have noted that there is no appointment of different auditing firms for its subsidiaries. Accordingly, the Company has complied with Rule 715 of the Catalist Rules. The ARMC had recommended and the Board had approved the nomination to re-appoint Messrs Crowe Horwath First Trust LLP as the Company's external auditor for the next financial year ending 30 June 2020.
12.7 AC to review arrangements for staff to raise concerns about possible improprieties to AC. The existence of a whistle blowing policy should be disclosed in the Company's annual report	The Group has in place, a whistle-blowing policy where employees of the Group and the public can raise, in confidence, concerns about possible improprieties. Such a policy serves to encourage and provide a channel for staff to report in good faith and without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to any member of the ARMC. Details of the whistle-blowing policies and arrangements have been made available to all employees. Members of the public can also refer to the Company's website at http://disa.sg for whistle-blowing arrangements. During the financial year under review, there was no report of any whistle-blowing incidents being made to the ARMC.

Guidelines of the Code	DISA's Corporate Governance practices
12.8 Disclose a summary of the AC's activities in the Company's annual report and also measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	In FY2019, the ARMC has reviewed, with the Management and the External Auditors, the results of the Group before submitting them to the Board for its approval and announcement of the financial results. The ARMC also reviewed and monitored the Group's financial condition, internal and external audit reports, exposure to risks and the effectiveness of the Group's system of accounting and internal controls. The ARMC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses accounting implications of major transactions including significant financial reporting issues. In its review of the financial statements for FY2019, the ARMC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects. Upon request by any ARMC member, the Company will sponsor him for any relevant regulatory update courses. The ARMC members also receive and discuss any accounting standards update from its external auditors, whenever material changes in accounting standards affecting the Group arise. For FY2019, the External Auditors presented to the ARMC the audit plan and updates relating to any change of accounting standards which have a direct impact on the financial statements during the ARMC meetings. During FY2019, the adoption of new and/or revised accounting standards did not result in any substantial changes or significant impact on the Group's financial statements.
12.9 A former partner or Director of the Company's existing auditing firm should not act as a member of the Company's AC under certain conditions prescribed by the Code	No ARMC member is a former partner or Director of the Company's External Auditors.

PRINCIPLE 13: INTERNAL AUDIT

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines of the Code	DISA's Corporate Governance practices
13.1, 13.2, 13.3 and 13.4 Internal Auditors ("IA") to report to AC chairman, and to CEO administratively; AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the outsourced internal audit firm; AC to ensure IA function is adequately resourced; IA function staffed with persons with the relevant qualifications and experience; IA meet standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors	The size of the existing operations of the Group does not warrant the Group to have an in-house internal audit team. The Group has outsourced its internal audit function to Yang Lee & Associates ("Internal Auditors") to carry out internal audit review using a risk-based approach. The ARMC approves the hiring, removal, evaluation and compensation of the internal audit function. The Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC. The internal audit in-charge is a qualified accountant with many years of internal audit experience. The internal audit has been carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.
13.5 AC to review adequacy and effectiveness of internal audit function, at least annually	The IA plans its internal audit plan annually, following a risk assessment exercise, in consultation with, but independent of Management. The internal audit plan is submitted to the ARMC for approval prior to the commencement of the internal audit. Internal audit reports are distributed to and discussed with the ARMC. The ARMC oversees and monitors the implementation of the improvements required for internal control weaknesses identified. The ARMC has full access to and the co-operation of the Management and IA, ensuring that the internal audit function is adequately and effectively resourced to perform its function.

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code	DISA's Corporate Governance practices
14.1 Facilitate the exercise of ownership rights by all shareholders. Shareholders to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares	The Group's corporate governance culture and awareness promotes fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Company's Constitution. All shareholders are treated fairly and equitably. The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure pertaining to changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

Guidelines of the Code	DISA's Corporate Governance practices
14.2 Ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.	Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules and voting procedures relating to the general meetings.
14.3 Allow corporations which provide nominee or custodial services to appoint more than two proxies.	The Company's Constitution does allow a shareholder (who is not the Central Depository (Pte) Limited; and who is also not a relevant intermediary, as defined in Section 181(6) of the Companies Act) to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines of the Code	DISA's Corporate Governance practices
15.1 and 15.2 Company to regularly convey pertinent information and disclosure of information should be as descriptive, detailed and forthcoming as possible; and information should be disclosed on timely basis	The Board is mindful of the obligation to keep shareholders informed of all major developments that affect the Group in accordance with the Catalist Rules. Price sensitive information is publicly released via the SGXNET. Information is communicated to shareholders on a timely and non-selective basis through: • annual reports that are prepared and issued to all shareholders within the mandatory period; • public announcements via the SGXNET system and the Company's corporate website; and • notices of shareholders' meetings on SGXNET and advertised in a newspaper in Singapore.
15.3 and 15.4 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs and address shareholders' concerns. The Board should state in the annual report, steps it has taken to solicit and understand the views of the shareholders.	Shareholders are encouraged to attend and raise questions to the Directors at the Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. These meetings provide excellent opportunities for the Board to engage with shareholders to solicit their feedback. The Company's website at http://disa.sg is another channel to solicit and understand the views of the shareholders.

Guidelines of the Code	DISA's Corporate Governance practices
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, the companies should disclose their reasons	The Company does not have a formalised dividend policy. The Board will need to further assess its on-going financial and operational requirements before arriving at any decision relating to the payment of dividends. No dividend was declared for FY2019 as the Company has incurred a loss in FY2019. Any dividend payouts will be clearly communicated to shareholders in public announcements and via announcements on the SGXNET when the Company discloses its financial results.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the Code	DISA's Corporate Governance practices
16.1 and 16.3 Shareholders should be allowed to vote in person or in absentia; Presence of AC, NC, RC chairpersons and auditors at AGMs	Participation of shareholders is encouraged at the Company's general meetings. The Board (including the chairpersons of the respective committees), Management, as well as the external auditors are invited to attend the Company's AGM to address any questions that shareholders may have. The Company's Constitution allows a member of the Company to appoint up to two proxies to attend and vote in place of the member.
16.2 Separate resolutions at general meetings on each substantially separate issue	Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate issue at the meeting.
16.4 Companies are encouraged to prepare minutes of general meetings and to make these available upon request	All minutes of general meetings, and a summary of the relevant questions and answers raised at general meetings are made available to shareholders upon reasonable request.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling	All resolutions tabled in the AGM are voted by poll, counted and validated by independent scrutineer and announcement of the detailed results of the general meetings will be released on the SGXNET after the general meetings.

INTERNAL CODE ON DEALING IN SECURITIES

Rules of Catalist	DISA's Corporate Governance practices
Rule 1204(19) of the Catalist Rules	In line with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal code on dealing in the Company's securities. All Directors and officers of the Company are not allowed to deal in the Company's shares during the period commencing two weeks or one month before the announcement of the Company's quarterly and annual results respectively and ending on the date of the announcement of the results. In addition, all Directors and employees are required to observe insider trading laws at all times and are prohibited from trading whilst in possession of unpublished price-sensitive information of the Group. They are also discouraged from dealing in the Company's shares on short-term considerations.

MATERIAL CONTRACTS

Rules of Catalist	DISA's Corporate Governance practices
Rule 1204(8) of the Catalist Rules	Save for the service agreement entered into between the CEO and the Company, there were no other material contracts entered into by the Company and subsidiaries involving the interests of the CEO, each Director or controlling shareholder which were either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTION ("IPT") POLICY

Rules of Catalist	DISA's Corporate Governance practices
Rules 907 and 920 of the Catalist Rules	The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARMC and that transactions are conducted at arm's length and not prejudicial to the interests of the Company and minority shareholders. Details of interested person transactions for FY2019 as required under Rule 907 of the Catalist Rules are set out as follows:

Rules of Catalist	DISA's Corporate Governance practices

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Circle Globe Limited* Leasing of office space.	146	–
SCash Technologies Pte Ltd** Deposit for an investment in unquoted shares.	150	–

* Wholly owned by Chng Weng Wah.

** Chng Weng Wah owns <1% interest in SCash Technologies Pte Ltd under his personal capacity. The investment was completed after the financial year.

The ARMC has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The ARMC and the Board of Directors are satisfied that the terms of the above transactions are not prejudicial to the interests of the Company or its minority shareholders.

RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant controls, policies and procedures and highlights all significant matters to the ARMC and the Board. The risk issues are outlined in Note 27 of the financial statements.

USE OF PROCEEDS

A report on the use of proceeds from the redeemable convertible bonds of $12 million on 23 December 2016 ("RCB") and proceeds from the exercise of warrants pursuant to the issue of warrants on 3 August 2015 ("Warrants Exercise"), for the intended purposes of the Group's general working capital, business expansion and for other acquisition and/or investments by the Group is appended as follows:

	Warrants Exercise $'000	RCB $'000
Net proceeds raised	25,497	12,000
Less: Utilisations		
Business expansion (Note a)	(10,144)	–
Working capital expenditures (Note b)	(9,889)	–
Repayment of loans (Note c)	(1,173)	–
Redemption from RCB holders	–	(12,000)
Balance as at 30 June 2019	**4,291**	**–**

Note a: Additional Investment in Disa Digital Safety Pte. Ltd.

Note b: Working capital expenditures consisted of non-trade payments, purchase of fixed assets, redeemable convertible bonds' interest, staff salaries and related expenses.

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

CATALIST SPONSOR

The Continuing Sponsor of the Company is SAC Capital Private Limited ("Sponsor"). There were no non-sponsor fees paid to the Sponsor by the Company during FY2019.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Chng Weng Wah and Mr. Lau Kay Heng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 October 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to the Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is set out below:

	Chng Weng Wah	**Lau Kay Heng**
Date of Appointment	3 February 2005	1 September 2011
Date of last re-appointment (if applicable)	30 November 2015	28 October 2016
Age	57	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company having considered, among others, the recommendation of the Nominating Committee and has reviewed and considered Mr. Chng's experience in various industries which cover the fields of product development, innovation and marketing and sales, is of the view that he has requisite experiences and capabilities to assume the responsibility as Managing Director and Chief Executive Officer of the Company.	The Board of Directors of the Company having considered, among others, the recommendation of the Nominating Committee and assessed Mr. Lau's overall contributions and performance, is of the view that he is suitable for re-appointment as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Chng is responsible for setting the strategic direction of the Group together with the Board and spearheading the entire overall management in achieving the strategic goals.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director and Chief Executive Officer	1. Independent and Non-Executive Director 2. Chairman of the Audit and Risks Management Committee 3. Member of the Remuneration Committee 4. Member of the Nominating Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Chng Weng Wah	**Lau Kay Heng**
Professional qualifications	1985 Full Technological Certificate in Electrical Engineering Technicians, City & Guilds of London Institute 1988 Diploma in Marketing & Sales Management, National Productivity Board	Bachelor of Science, National University of Singapore
Working experience and occupation(s) during the past 10 years	February 2005 to Present: Group CEO and Managing Director, DISA Limited January 2015 to May 2017: Group CEO/Managing Director, LifeBrandz Ltd. September 2006 to October 2011 Director, Interim & Acting CEO for 6 months, Metech International Limited	2011 to Present: Managing Director, Stirling Coleman Capital Limited 2009 to 2011: Managing Director, A3 Capital Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 590,970,850 ordinary shares Deemed interest: 463,050,000 ordinary shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

	Chng Weng Wah	Lau Kay Heng
Other Principal Commitments* Including Directorships * "Principal Commitments" has the same meaning as defined in the Code.	**Past (for the last 5 years)** Directorships: 1. AGV Group Limited 2. Aquarius Land Pte Ltd (struck off) 3. Aquarius Tech Pte Ltd (struck off) 4. Asia Galvanizing (D) Pte Ltd 5. Award Capital Limited 6. Capital Eagle Holdings Limited 7. Citrine Solution Pte Ltd 8. Citrine System (S) Pte Ltd 9. Diamond Step Limited 10. Disa Digital Safety (BVI) 11. Eika (Singapore) Pte Ltd 12. Equation Energy Pte Ltd 13. Equation Recycling Pte Ltd 14. Equation Technology Limited (HK) 15. FA Systems Automation (S) Pte Ltd 16. FA Technology Pte Ltd 17. Fraternal Group Pte Ltd 18. Halleck Investments Limited 19. Hokuriku (M) Sdn Bhd (members' liquidation) 20. ICTL Pte Ltd 21. JSM Trust (terminated) 22. Legami Holdings Limited Partnership (struck off) 23. Lifebrandz Ltd. 24. Monsoon Multimedia Pte Ltd (struck off) 25. Nexus Limited (deregistered) 26. Onyx Capital Holdings Limited 27. Onyx Technology Inc. Pte Ltd 28. Pure Assets Investment Limited (deregistered) 29. Purple Ace Pte Ltd (struck off) 30. Quickcheck Group Limited 31. Quickcheck Technology Limited	**Past (for the last 5 years)** Directorships: • Cacola Furniture International Limited • Premiere Eastern Energy Limited Other Principal Commitments: Nil **Present** Directorships: • iBosses Corporation Limited • Regal International Group Ltd. • A3 International Investments Ltd • Asia M&A Group Pte Ltd • Disa Digital Safety Pte Ltd Other Principal Commitments: Nil

	Chng Weng Wah	Lau Kay Heng
	32. Richsand Pte Ltd (struck off) 33. Safuan Resources Pte Ltd (struck off) 34. Sanctum Capital Pte Ltd 35. Siam Pattana Equation Company Limited 36. SIG Far East Pte Ltd (struck off) 37. Sino Education Pte Ltd Greentech Pte Ltd 38. Starbids Ventures Inc. (to be struck off) 39. Tengah Greentech Pte Ltd 40. Treasure 118 Pte Ltd 41. Treasury Club Pte Ltd (struck off) Other Principal Commitments: Nil **Present** Directorships: Circle Globe Limited Disa Digital Safety Pte Ltd Disa Digital Safety (USA) Disa Insurance Company Limited DISA Limited Other Principal Commitments: Nil	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

	Chng Weng Wah	Lau Kay Heng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

	Chng Weng Wah	Lau Kay Heng
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	Yes Mr. Chng had previously been found guilty by the Securities Industry Council ("SIC") for breaching the then Rule 33 of the Take-over Code for failing to make a mandatory general offer for the shares in the share capital of Serial System Ltd after acquiring more than 25% of the issued share capital of Serial System Ltd on 26 February 2001. This information has been disclosed in the announcement released on the SGXNET on 3 February 2005 in relation to the Announcement of Appointment of Executive Director.	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

	Chng Weng Wah	Lau Kay Heng
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	Yes Mr. Chng had previously been found guilty by the SIC for breaching the then Rule 33 of the Take-over Code for failing to make a mandatory general offer for the shares in the share capital of Serial System Ltd after acquiring more than 25% of the issued share capital of Serial System Ltd on 26 February 2001. As a result, the SIC disqualified Mr. Chng from being a Director of any company listed on the SGX-ST for a period of 2 years until after 22 May 2003. Further, he and his concert parties cannot make a take-over offer (whether pursuant to Rule 14 of the revised Take-over Code or otherwise) or incur a bid obligation for any public company in Singapore until after 22 May 2003. In this connection, the Commercial Affairs Department ("CAD") also issued a warning letter in November 2001 to Mr. Chng in relation to an alleged contravention by Mr. Chng under Sections 83, 165 and 166 of the Companies Act, Chapter 50. This information has been disclosed in the announcement released on the SGXNET on 3 February 2005 in relation to the Announcement of Appointment of Executive Director.	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

	Chng Weng Wah	Lau Kay Heng
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No

	Chng Weng Wah	Lau Kay Heng
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes. Please refer to (h).	No
Disclosure applicable to the proposed appointment of Director only:		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

SUSTAINABILITY REPORT

1. BOARD STATEMENT

The Group affirms our commitment to sustainability with the publication of our sustainability report ("Report"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") factors and economic performance.

Whilst mindful of our profit oriented objective, we are committed to strike a balance between sustainable growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

2. REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and in accordance with Rules 711(A) and 711(B) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Catalist Rules"). We have chosen to report using GRI Standards: Core option as it is an internationally recognised reporting framework. We have not sought external assurance for this Report.

3. REPORTING PERIOD AND SCOPE

This Report focuses on the Group's sustainability efforts and strategies for our financial year from 1 July 2018 to 30 June 2019 ("FY2019" or "Reporting Period") and will be published annually in accordance with our SR Policy.

As the Group is largely focused on the Technology business segment, this Report covers the sustainability practices and performances for the key operating entities within the Group under the Technology business segment which contributed approximately 87% (FY2018: 71%) of the Group's total revenue for the Reporting Period.

4. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: investors@disa.sg

5. STAKEHOLDER ENGAGEMENT

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise customers, employees, partners, regulators and shareholders. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations. It is crucial to include and align the needs of these stakeholders in our business decisions so that we can better strengthen our relationships with them.

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholders	Engagement channel
1	Customers	Our customers are mostly suppliers to our partners. Communication channels, both formal and informal, are established between our customers and the Group across all key departments and staff levels.
2	Employees	Senior management holds regular communication sessions with employees to obtain feedback and alignment of business goals across all levels of workforce. Such communication channels include emails and staff evaluation sessions where employees can pose questions in person.
3	Partners	Our solutions are deployed on consumer products sold at retail stores to protect the retailers from theft and return fraud. As such, we work closely with retailers, as our partners, to ensure effectiveness of our solutions. Communication channels, both formal and informal, are established between our partners and the Group across all key departments and staff levels.
4	Regulators	We participate in consultations and briefings organised by key regulatory bodies, such as the SGX-ST, so as to furnish feedback on proposed regulatory changes that impact our business.
5	Shareholders	We convey timely, full and credible information to shareholders through announcements on SGXNET, investor relations email account investors@disa.sg, annual general meetings, annual reports, and other channels such as business publications and investors' relation events.

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

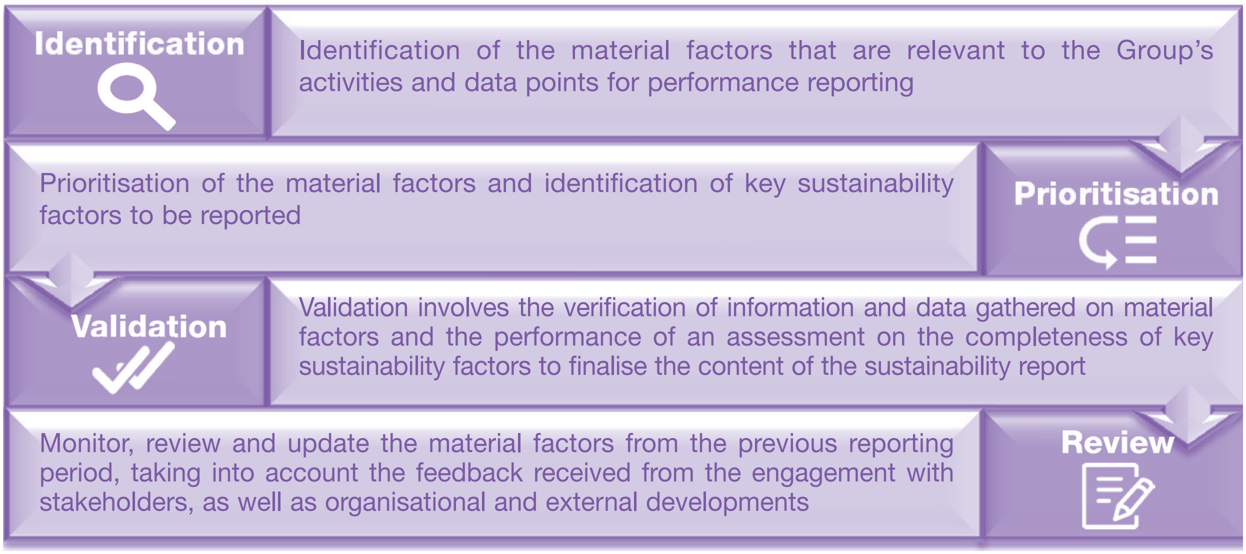
6. POLICY, PRACTICE AND PERFORMANCE REPORTING

6.1 Reporting Structure

Our sustainability strategy is developed and directed by the Group's senior management in consultation with the Board of Directors. The Group's sustainability committee, which includes senior management executives, is led by our Chief Executive Officer, and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

6.2 Sustainability Reporting Processes

Under our SR Policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated with data. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



6.3 Materiality Assessment

Under our SR Policy, the materiality assessment is reviewed annually and each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority are reported on in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. If it is decided that such factors are not material, they may be excluded from the Report.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix. Under this matrix, each factor identified is ranked by assigning scores based on low, medium and high for the level of concern to external stakeholders and the potential impact on the Group's business.

7 MATERIAL FACTORS

Our materiality assessment performed for FY2019 involved the Group's senior management in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow the Group to channel our resources judiciously to create sustainable value for our stakeholders. Presented below is a list of material sustainability factors applicable to our Group:

S/N	Material factor	Reporting priority	Key stakeholders
Social			
1	Employee retention	I	Employees
2	Equality and diversity in the workplace	II	Employees
Economic			
3	Sustainable business performance	II	Customers, Partners, Shareholders
4	Proactive anti-corruption practices	II	Shareholders, Regulators
Governance			
5	Robust corporate governance framework	II	Regulators

We will review and update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material factor are presented as follows:

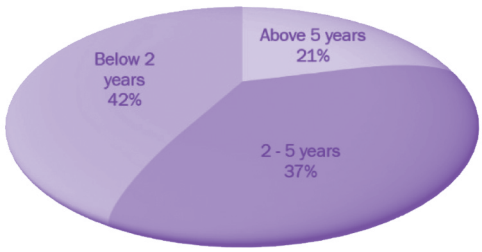
7.1 Employee Retention

The success of our business pivots on a team of skilled and experienced staff supervised by experienced and knowledgeable managers. Accordingly, we are committed to employee retention through the following efforts:

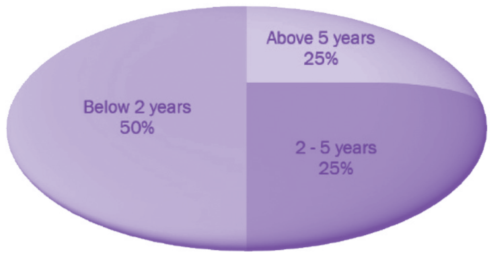
- Establishing procedures and guidance to recruit and promote employees based on merit and competency; and
- Staff assessment is performed regularly to evaluate the performance of employees and employees could express their views and provide feedback.

A low turnover improves the sustainability of our business. As at 30 June 2019, the total number of employees under the Technology business segment stands at 24 (FY2018: 29) with approximately 21% (FY2018: 17%) of the employees and 25% (FY2018: 21%) of the managers having more than 5 years of service in the Group. The breakdown of employees and managers by the years of service are as follows:

Years of service (Total number of employees: 24)



Years of service (Total number of managers: 16)



As the Technology business segment is fairly new to the Group, we expect the percentage of employees (including managers) with long service to increase as our business grows.

7.2 Equality and Diversity in the Workplace

We are committed to diversity and equal opportunity in employment to grow our human capital. Accordingly, we strive to provide a work environment for our employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender, age or educational background.

On gender diversity, given the technological nature of the business segment, our employees are predominantly males. The percentage of female to total employees is 29% (FY2018: 28%), with about 19% (FY2018: 16%[1]) of our managers being female as at 30 June 2019.

On age diversity, matured workers are valued for their experience knowledge and skills. As at 30 June 2019, 67% (FY2018: 59%) of our employees under the Technology business segment is at least 40 years old.

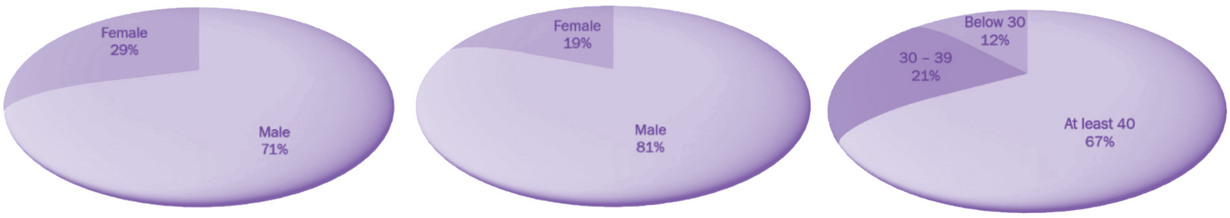
On diversity in educational background, given the technological nature of the business segment, majority of our employees are tertiary educated as at 30 June 2019. The distribution of staff by educational level is as follows:

Educational qualification	FY2019	FY2018
Tertiary	96%	100%
Non-tertiary	4%	–
Total	100%	100%

To promote equal opportunity, we have put in place the following measures:

- A human resource policy to recruit employees based on merit and competency; and
- For staff recruitment, emphasis is placed on ensuring advertisements do not state age, race, gender or religion as preference or requirement.

Gender diversity (Total number of employees: 24) | Gender diversity (Total number of managers: 16) | Age diversity (Total number of employees: 24)



7.3 Sustainable Business Performance

We believe in creating long-term economic value for our shareholders as well as key stakeholders by adopting responsible business practices and growing business in a sustainable manner.

Our asset protect solutions are deployed on consumer products sold at retail stores to protect the retailers and their suppliers from theft and return fraud. With our ongoing efforts to gain acceptance from retailers and their suppliers, our technology segment registered a record revenue of $441,000 in FY2019 (FY2018: $169,000) and this has contributed to the 113% growth in the Group's revenue from $239,000 in FY2018 to $508,000 in FY2019.

Details of the Group's economic performance can be found in this annual report.

[1] Figures relating to FY2018 workplace diversity were restated as a correction

7.4 Proactive Anti-Corruption Practices

We are committed to carry out our business with integrity by avoiding corruption in any form, including bribery, and complying with the prevention of corruption act of Singapore.

We have in place a whistle blowing policy to provide a mechanism for employees and the public to raise concerns through accessible confidential disclosure channel, via a dedicated email account, about possible improprieties in matters of financial reporting and others. An employee handbook is in place to provide guidance to employees on proper conducts and reflect the culture of our Group.

During the reporting period, no serious offence[2] was reported (FY2018: zero incident).

7.5 Robust Corporate Governance Framework

We are committed to high standards of corporate governance and believe that a high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interests and maximizing long-term shareholder's value.

The Board and Management believe that our quest for good governance lies in putting in place an effective framework of risk management and internal controls. Refer to the Corporate Governance Report of this annual report for details for our corporate governance practices.

Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School was 63 for the index published in 2019 (2018: 70).

7.6 Environmental

As a technology company, we are primarily providing asset protection solutions to our customers. Accordingly, our impact on the environment, after assessing the level of concern to external stakeholders and potential impact on business, is deemed not to be a material sustainability factor. Nonetheless, we constantly track and control our resource consumption which comprises mainly electricity and water.

8. TARGET SETTING

For our material factors identified, we have set targets for FY2020 as follows:

S/N	Material factor	Target for FY2020
1	Employee retention	Improve or maintain employee retention rate
2	Equality and diversity in the workplace	Move towards a more balanced gender, age and educational diversity ratio
3	Sustainable business performance	Improve our financial performance
4	Proactive anti-corruption practices	Maintain zero incident of serious offence
5	Robust corporate governance framework	Improve or maintain our SGTI score

[2] A serious offence is defined as one that involves fraud or dishonesty amounting to not less than $100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

9. GRI CONTENT INDEX

General standard disclosure		Section reference	Page
Organisation profile			
102-1	Name of the organisation	Cover Page	–
102-2	Activities, brands, products, and services	Corporate Profile	2-3
102-3	Location of headquarters	Notes to the Financial Statements > General Information	85
102-4	Location of operations	Corporate Profile	2-3
102-5	Ownership and legal form	• Notes to the Financial Statements > General Information • Notes to the Financial Statements > Subsidiaries • Statistics of Shareholdings	85 121-124 180-181
102-6	Markets served	Corporate Profile	2-3
102-7	Scale of the organisation	• Operating and Financial Review • Sustainability Report > Material Factors > Employee Retention • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Sustainability Report > Material Factors > Sustainable Business Performance • Consolidated Statement of Profit or Loss and Other Comprehensive Income • Statements of Financial Position	12-14 57 58 58 73-74 75-76
102-8	Information on employees and other workers	• Sustainability Report > Material Factors > Employee Retention • Sustainability Report > Material Factors > Equality and Diversity in the Workplace	57 58
102-9	Supply chain	Corporate Profile	2-3
102-10	Significant changes to the organisation and its supply chain	There was no significant change to the organisation and its supply chain during the reporting period	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	None	–
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	54
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report	15-44

General standard disclosure		Section reference	Page
Governance			
102-18	Governance structure of the organisation	• Corporate Governance Report • Sustainability Report > Material Factors > Robust Corporate Governance Framework	15-44 59
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	55
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	55
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	55
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors	55 57
Reporting practice			
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements > Subsidiaries	121-124
102-46	Defining report content and topic boundaries	Sustainability Report > Sustainability Reporting Processes	56
102-47	List of material topics	Sustainability Report > Material Factors	57
102-48	Restatements of information	There are some minor restatements of the following: • Sustainability Report > Material Factors > Equality and Diversity in the Workplace	58
102-49	Changes in reporting	Sustainability factor removed: • Forging Sustainable Partnerships	–
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	54
102-51	Date of most recent report	Sustainability Report 2018	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	54
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	54
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	• Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index	54 60-62
102-55	GRI content index	Sustainability Report > GRI Content Index	60-62
102-56	External assurance	We may seek external assurance in the future.	–

General standard disclosure		Section reference	Page
Management approach			
103-1	Explanation of the material topic and its boundary	Sustainability Report > Material Factors	57-59
103-2	The management approach and its components	Sustainability Report > Material Factors	57-59
103-3	Evaluation of management approach	Sustainability Report > Material Factors	57-59
Category: Economic			
201-1	Direct economic value generated and distributed	• Operating and Financial Review • Sustainability Report > Material Factors > Employee Retention • Sustainability Report > Material Factors > Sustainable Business Performance	12-14 57 58
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Proactive Anti-Corruption Practices	59
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	57
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	58

The directors present their statement to the members together with the audited financial statements of DISA Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2019 and the statement of financial position and the statement of changes in equity of the Company as at 30 June 2019.

In the opinion of the directors,

(a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 73 to 159 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and of the financial performance, changes in equity and cash flows of the Group and the changes of equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are as follows:

Executive director

Chng Weng Wah

Independent Non-Executive directors

Toh Hock Ghim
Lau Kay Heng
Kan Ah Chye
Loh Eu Tse Derek

Non-Independent and Non-Executive director

Lim Soon Hock

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or share options of the Company or its related corporations, except as follows:

	Direct interests			Deemed interests		
	At beginning of financial year	At end of financial year	At 21 July 2019	At beginning of financial year	At end of financial year	At 21 July 2019
Company						
Ordinary shares						
Chng Weng Wah	590,970,850	590,970,850	590,970,850	463,050,000	463,050,000	463,050,000
Kan Ah Chye	2,500,000	2,500,000	2,500,000	–	–	–
Share options						
Toh Hock Ghim	10,000,000	10,000,000	10,000,000	–	–	–
Lau Kay Heng	5,000,000	5,000,000	5,000,000	–	–	–
Kan Ah Chye	2,500,000	2,500,000	2,500,000	–	–	–
Lim Soon Hock	2,500,000	2,500,000	2,500,000	–	–	–
Loh Eu Tse Derek	2,500,000	2,500,000	2,500,000	–	–	–

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Except as disclosed in directors' interest in shares and debentures, share options and performance shares of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

DISA Employee Share Option Scheme (the "DISA ESOS")

The ECL ESOS ("ECL ESOS 2010") was approved and adopted by members of the Company at an Extraordinary General Meeting ("EGM") held on 28 October 2010 ("Date of Adoption") and subsequently renamed to the DISA ESOS with effect from 13 February 2017.

The DISA ESOS is administered by the DISA ESOS Committee, which comprises the following directors:

Lau Kay Heng	Chairman, Non-Executive Director
Toh Hock Ghim	Non-Executive Director
Chng Weng Wah	Executive Director

Other information regarding the DISA ESOS is set out below:

- The exercise price of the options can be set at a discount not exceeding 20% of the weighted-average of the last-dealt price for a share for the three (3) consecutive days immediately preceding the date of grant in respect of options granted at the time of grant.

Share options (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

- The aggregate number of ordinary shares which may be allotted and issued shares upon the exercise of options granted pursuant to the DISA ESOS of the Company shall not exceed 15% of the total number of issued shares of the Company from time to time.

  As at 30 June 2019, outstanding options issued under the DISA ESOS represent 7.6% (2018: 2.7%) of the total number of issued shares of the Company.

- Options granted to and accepted by executives, directors and employees in respect of an option granted with a subscription price at the market prices will be exercisable after the first anniversary of the offer date of that option. Options granted to and accepted by executives, directors and employees in respect of an option granted with a subscription price at a discount to the market price will only be exercisable after the second anniversary of the offer date of that option.

- The vesting period for options granted after October 2017 had been adjusted to create better retention of talent and knowledge according to the following vesting schedule:

	New Vesting Period		
Options which are exercisable at no discount to the market price	Vesting schedule	Percentage of options which are exercisable	
		Directors	Employees
	On or after the first anniversary of the date of grant	33.30%	25%
	On or after the second anniversary of the date of grant	33.30%	25%
	On or after the third anniversary of the date of grant	33.40%	25%
	On or after the fourth anniversary of the date of grant	Not applicable	25%
Options which are exercisable at a discount to the market price	Vesting schedule	Percentage of options which are exercisable	
		Directors	Employees
	On or after the first anniversary of the date of grant	Not applicable	Not applicable
	On or after the second anniversary of the date of grant	33.30%	25%
	On or after the third anniversary of the date of grant	33.30%	25%
	On or after the fourth anniversary of the date of grant	33.40%	25%
	On or after the fifth anniversary of the date of grant	Not applicable	25%

- The options granted will expire after 10 years from offer date of the option for executives, directors and employees of the Company and its subsidiaries.

Share options (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

At the end of the financial year, details of the options granted under the DISA ESOS on the unissued ordinary shares of the Company, were as follows:

Date of grant	Balance as at 1 July 2018	Additions	Options forfeited	Balance as at 30 June 2019	Exercise price per share ($)	Exercisable period
ESOS 2010						
8 January 2015	7,500,000	–	–	7,500,000	0.00600	8 January 2016 to 7 January 2025
8 December 2016	18,000,000	–	(8,000,000)	10,000,000	0.01110	8 December 2017 to 7 December 2026
8 December 2016 [1]	8,000,000	–	(8,000,000)	–	0.00999	8 December 2018 to 7 December 2026
16 March 2017	6,000,000	–	(2,000,000)	4,000,000	0.03010	16 March 2018 to 15 March 2027
3 April 2017	8,000,000	–	–	8,000,000	0.02920	3 April 2018 to 2 April 2027
3 July 2017	5,500,000	–	(1,500,000)	4,000,000	0.01350	3 July 2018 to 2 July 2027
1 November 2017	189,000,000	–	(54,000,000)	135,000,000	0.01420	1 November 2018 to 31 October 2027
13 November 2017	4,000,000	–	–	4,000,000	0.01360	13 November 2018 to 12 November 2027
28 November 2017	26,000,000	–	(8,000,000)	18,000,000	0.01290	28 November 2018 to 27 November 2027
11 July 2018	–	13,000,000	–	13,000,000	0.00900	11 July 2019 to 10 July 2028
6 August 2018 [1]	–	51,000,000	(31,000,000)	20,000,000	0.00720	6 August 2020 to 5 August 2028
17 October 2018	–	526,500,000	(5,500,000)	521,000,000	0.00500	17 October 2019 to 16 October 2028
11 January 2019	–	20,000,000	–	20,000,000	0.00300	11 January 2020 to 10 January 2029
	272,000,000	610,500,000	(118,000,000)	764,500,000		

[1] These share options were granted at a 10% discount.

Share options (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

The details of the options granted under the DISA ESOS to persons who were directors of the Company during the financial year are as follows:

Name of director	Options granted during financial year under review	Aggregate options granted since commencement of the DISA ESOS to the end of financial year under review	Aggregate options exercised since commencement of the DISA ESOS to the end of financial year	Aggregate options forfeited / expired since commencement of the DISA ESOS to the end of financial year	Aggregate options outstanding as at the end of financial year under review
Toh Hock Ghim	–	10,000,000	–	–	10,000,000
Lau Kay Heng	–	5,000,000	–	–	5,000,000
Kan Ah Chye	–	5,000,000	(2,500,000)	–	2,500,000
Lim Soon Hock	–	2,500,000	–	–	2,500,000
Loh Eu Tse Derek	–	2,500,000	–	–	2,500,000
	–	25,000,000	(2,500,000)	–	22,500,000

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

There were no share options exercised in the current financial year (2018: Nil).

Since the commencement of the DISA ESOS 2010, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the DISA ESOS has been granted 5% or more of the total options available under the DISA ESOS.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Performance shares

DISA Performance Share Scheme (the "DISA PS Scheme")

The DISA PS Scheme was approved and adopted by members of the Company at an EGM held on 31 October 2008. The DISA PS Scheme had expired on 26 October 2018 and continued with shareholders' approval at an annual general meeting held on 26 October 2018, for a further period of 10 years from 26 October 2018 to (and including) 25 October 2028. The DISA PS Scheme is administered by the DISA PS Scheme Committee. The members of the committee at the end of financial year and at the date of this statement are:

Toh Hock Ghim	Chairman, Non-Executive Director
Chng Weng Wah	Executive Director
Lau Kay Heng	Non-Executive Director

Performance shares (Continued)

DISA Performance Share Scheme (the "DISA PS Scheme") (Continued)

Selected employees of the Group, Executive Directors and Non-Executive Directors of the Company and Directors who are also controlling shareholders of the Company and their associates ("Participants") are eligible to participate in this DISA PS Scheme. However, participation of and grant of awards to controlling shareholders of the Company and/or their associates will be subject to specific shareholders' approval.

The Company has the flexibility to either issue and deliver new shares of the Company, or purchase and deliver existing shares of the Company to Participants upon the vesting of the awards.

Participants will receive fully paid shares of the Company, provided that certain prescribed performance targets are met within a prescribed period.

A Participant's award of ordinary shares in the share capital of the Company ("Shares") under the DISA PS Scheme (the "Award") will be determined at the sole discretion of the DISA PS Scheme Committee, which will oversee and administer the DISA PS Scheme.

During the financial year, no awards were granted under the DISA PS Scheme (2018: Nil).

Other information regarding the DISA PS Scheme is set out below:

- The aggregate number of Award Shares (shares comprised in Awards) to be delivered to the vesting of the Awards on any date, when added to the number of shares issued and/or issuable under such other share-based incentive schemes (including the DISA ESOS) of the Company shall not exceed 15% of the issued shares of the Company on the day preceding that date.

- The aggregate number of Award Shares available to eligible controlling shareholders and their associates under the DISA PS Scheme shall not exceed 25% of the Shares available under this DISA PS Scheme. In addition, the number of Award Shares available to each such controlling shareholder or his associate shall not exceed 10% of the Shares available under this DISA PS Scheme.

- The DISA PS Scheme shall continue to be in force at the discretion of the DISA PS Scheme Committee, subject to a maximum period of 10 years commencing on the date of adoption of the DISA PS Scheme (expiring on 25 October 2028).

Audit and Risks Management Committee

The Audit and Risks Management Committee of the Company comprises five non-executive directors and at the date of this statement, they are:

Lau Kay Heng	Chairman, Non-Executive Director
Toh Hock Ghim	Non-Executive Director
Kan Ah Chye	Non-Executive Director
Lim Soon Hock	Non-Executive Director
Loh Eu Tse Derek	Non-Executive Director

The Audit and Risks Management Committee has convened four meetings during the financial year with key management and the internal and external auditors of the Company.

Audit and Risks Management Committee (Continued)

The Audit and Risks Management Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit and Risks Management Committee reviewed:

(i) the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

(ii) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

(iv) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) the adequacy of the Group's risk management processes;

(vi) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) interested person transactions in accordance with SGX listing rules;

(viii) nomination of external auditors and approval of their compensation; and

(ix) submission of report of actions and minutes of the audit and risks management committee to the board of directors with any recommendations as the audit and risks management committee deems appropriate.

The Audit and Risks Management Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risks Management Committee.

In appointing the external auditors for the Company and its Subsidiaries, the Company has complied with Rules 712 and 715 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

The Audit and Risks Management Committee has recommended to the directors the nomination of Crowe Horwath First Trust LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

CHNG WENG WAH
Managing Director

LAU KAY HENG
Director

3 October 2019

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.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000 (Restated) (Note 30)
Revenue			
Sales of codes		**441**	169
Services rendered		**67**	70
		508	239
Other income		**757**	346
Total revenue	3	**1,265**	585
Cost and expenses			
Cost of services		**(78)**	(68)
Depreciation and amortisation expenses		**(1,648)**	(1,545)
Employee benefits expenses	4	**(6,484)**	(6,438)
Legal and professional expenses		**(289)**	(601)
Impairment losses on financial assets		**(38)**	(5)
Impairment loss on intangible assets	10	**(9,131)**	–
Write-off of goodwill		**(17)**	–
Loss on liquidation of a subsidiary		**–**	(86)
Write-off of property, plant and equipment		**–**	(7)
Operating lease expenses		**(525)**	(552)
Other expenses		**(1,184)**	(2,063)
Total cost and expenses		**(19,394)**	(11,365)
Loss before interest and tax		**(18,129)**	(10,780)
Finance costs	5	**(569)**	(1,127)
Loss before tax	6	**(18,698)**	(11,907)
Income tax credit	7	**1,790**	222
Loss for the financial year		**(16,908)**	(11,685)
Attributable to:			
Owners of the Company		**(16,962)**	(11,998)
Non-controlling interests		**54**	313
		(16,908)	(11,685)
Loss per share (cents)	8	**(0.17)**	(0.12)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000 (Restated) (Note 30)
Loss for the financial year		**(16,908)**	(11,685)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation differences from consolidation of foreign subsidiaries		**–***	33
- Realisation of foreign currency translation on liquidation of a subsidiary		**–**	(6)
Other comprehensive income for the financial year		**–***	27
Total comprehensive loss for the financial year		**(16,908)**	(11,658)
Total comprehensive (loss) / income attributable to:			
Owners of the Company		**(16,962)**	(11,989)
Non-controlling interests		**54**	331
		(16,908)	(11,658)

* denotes an amount less than $1,000.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Note	Group			Company		
		30 June		1 July	30 June		1 July
		2019	2018	2017	2019	2018	2017
		$'000	$'000	$'000	$'000	$'000	$'000
			(Restated) (Notes 2 and 30)	(Restated) (Notes 2 and 30)		(Restated) (Notes 2 and 30)	(Restated) (Note 30)
ASSETS							
Non-current assets							
Property, plant and equipment	9	**900**	982	456	**478**	432	387
Intangible assets	10	**–**	10,535	11,939	**–**	–	–
Subsidiaries	11	**–**	–	–	**–**	12,084	16,724
Trade and other receivables	12	**–**	–	91	**–**	–	–
Other non-current assets	13	**120**	120	120	**111**	24	140
		1,020	11,637	12,606	**589**	12,540	17,251
Current assets							
Financial assets, available-for-sale	14(a)	**–**	2,222	2,222	**–**	2,222	2,222
Financial assets, at FVOCI (equity)	14(b)	**–**	–	–	**–**	–	–
Financial assets, at FVPL	14(c)	**–**	–	–	**–**	–	–
Trade and other receivables	12	**97**	609	814	**–**	60	66
Other current assets	15	**590**	1,007	949	**175**	166	102
Cash and bank balances	16	**13,025**	30,594	20,165	**8,709**	22,625	19,547
		13,712	34,432	24,150	**8,884**	25,073	21,937
TOTAL ASSETS		**14,732**	46,069	36,756	**9,473**	37,613	39,188

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Note	Group			Company		
		30 June		1 July	30 June		1 July
		2019	2018	2017	2019	2018	2017
		$'000	$'000	$'000	$'000	$'000	$'000
			(Restated) (Notes 2 and 30)	(Restated) (Notes 2 and 30)		(Restated) (Notes 2 and 30)	(Restated) (Note 30)
LIABILITIES							
Current liabilities							
Borrowings	17	**29**	11,932	15	**29**	11,932	15
Trade and other payables	18	**1,232**	2,275	2,174	**124**	114	87
Accruals	19	**655**	1,975	1,222	**512**	1,697	923
Provisions and other liabilities	20	**534**	699	704	**–**	–	–
		2,450	16,881	4,115	**665**	13,743	1,025
Non-current liabilities							
Borrowings	17	**149**	84	12,018	**149**	84	12,018
Deferred tax liabilities	21	**–**	1,790	2,029	**–**	–	–
		149	1,874	14,047	**149**	84	12,018
TOTAL LIABILITIES		**2,599**	18,755	18,162	**814**	13,827	13,043
NET ASSETS		**12,133**	27,314	18,594	**8,659**	23,786	26,145
EQUITY							
Share capital	22	**58,680**	58,680	37,140	**58,680**	58,680	37,140
Reserves		**4,516**	2,816	3,863	**3,771**	2,071	3,127
Accumulated losses		**(41,404)**	(24,382)	(12,384)	**(53,792)**	(36,965)	(14,122)
Equity attributable to owners of the Company		**21,792**	37,114	28,619	**8,659**	23,786	26,145
Non-controlling interests		**(9,659)**	(9,800)	(10,025)	**–**	–	–
TOTAL EQUITY		**12,133**	27,314	18,594	**8,659**	23,786	26,145

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

Group	Equity attributable to owner of the Company								
2019	Share capital (Note 22) $'000	Equity component of convertible bonds $'000	Foreign currency translation reserve (Note (a)) $'000	Share option reserve (Note (b)) $'000	Capital reserve (Note (c)) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 30 June 2018 (Restated)	58,680	82	9	1,830	895	(24,382)	37,114	(9,800)	27,314
Adoption of SFRS(I) 9 (Note 2)	–	–	–	–	–	(60)	(60)	–	(60)
Balance at 1 July 2018 (Restated)	58,680	82	9	1,830	895	(24,442)	37,054	(9,800)	27,254
Total comprehensive (loss) / income									
(Loss) / Profit for the financial year	–	–	–	–	–	(16,962)	(16,962)	54	(16,908)
Other comprehensive income									
Foreign currency translation differences from foreign subsidiaries	–	–	–*	–	–	–	–*	–	–*
Total comprehensive (loss) / income for the financial year	–	–	–	–	–	(16,962)	(16,962)	54	(16,908)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

Group	Equity attributable to owner of the Company								
2019 (Continued)	Share capital (Note 22) $'000	Equity component of convertible bonds $'000	Foreign currency translation reserve (Note (a)) $'000	Share option reserve (Note (b)) $'000	Capital reserve (Note (c)) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Contributions by owners									
Employee share-based payment expenses	–	–	–	1,700	–	–	1,700	–	1,700
Changes in ownership interests in a subsidiary									
Acquisition of a subsidiary	–	–	–	–	–	–	–	87	87
Others									
Derecognition of convertible bonds	–	(82)	–	–	82	–	–	–	–
Total transactions with owners in their capacity as owners	–	(82)	–	1,700	82	–	1,700	97	1,787
Balance at 30 June 2019	58,680	–	9	3,530	977	(41,404)	(21,792)	(9,659)	12,133

* denotes an amount less than $1,000.

The accompanying notes form an integral part of the financial statements.

Group	Equity attributable to owner of the Company								
2018	Share capital (Note 22) $'000	Equity component of convertible bonds $'000	Foreign currency translation reserve (Note (a)) $'000	Share option reserve (Note (b)) $'000	Capital reserve (Note (c)) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2017 (As previously reported)	37,140	82	(44)	873	3,447	(12,879)	28,619	(10,025)	18,594
Prior year adjustments (Note 30)	–	–	–	(539)	–	539	–	–	–
Adoption of SFRS(I) 1 (Note 2)	–	–	44	–	–	(44)	–	–	–
Balance at 1 July 2017 (Restated)	37,140	82	–	334	3,447	(12,384)	28,619	(10,025)	18,594
Total comprehensive loss									
(Loss) / Profit for the financial year	–	–	–	–	–	(11,998)	(11,998)	313	(11,685)
Other comprehensive income / (loss)									
Foreign currency translation differences from foreign subsidiaries	–	–	15	–	–	–	15	18	33
Realisation of foreign currency translation on liquidation of a subsidiary	–	–	(6)	–	–	–	(6)	–	(6)
Total comprehensive income / (loss) for the financial year	–	–	9	–	–	(11,998)	(11,989)	331	(11,658)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

Group	Equity attributable to owner of the Company								
2018 (Continued)	**Share capital (Note 22) $'000**	**Equity component of convertible bonds $'000**	**Foreign currency translation reserve (Note (a)) $'000**	**Share option reserve (Note (b)) $'000**	**Capital reserve (Note (c)) $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Contributions by owners									
Conversion of warrants to ordinary shares	18,988	–	–	–	–	–	18,988	–	18,988
Share issue expenses	(193)	–	–	–	193	–	–	–	–
Transfer on conversion from warrants to share	2,745	–	–	–	(2,745)	–	–	–	–
Employee share-based payment expenses	–	–	–	1,496	–	–	1,496	–	1,496
Total contributions by owners	21,540	–	–	1,496	(2,552)	–	20,484	–	20,484
Changes in ownership interests in a subsidiary									
Deregistration of a subsidiary	–	–	–	–	–	–	–	(106)	(106)
Total transactions with owners in their capacity as owners	21,540	–	–	1,496	(2,552)	–	20,484	(106)	20,378
Balance at 30 June 2018 (Restated)	58,680	82	9	1,830	895	(24,382)	37,114	(9,800)	27,314

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

Company	Share capital $'000	Equity component of convertible bonds $'000	Share option reserve (Note (b)) $'000	Capital reserve (Note (c)) $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018 (Restated)	58,680	82	1,830	159	(36,965)	23,786
Effect of adoption of SFRS(I) 9 (Note 2)	–	–	–	–	(60)	(60)
Balance at 1 July 2018 (Restated)	58,680	82	1,830	159	(37,025)	23,726
Total comprehensive loss						
Loss for the financial year	–	–	–	–	(16,767)	(16,767)
Contribution by owners						
Employee share-based payment expenses	–	–	1,700	–	–	1,700
Others						
Derecognition of convertible bonds	–	(82)	–	82	–	–
Total transactions with owners in their capacity as owners	-	(82)	1,700	82	–	1,700
Balance at 30 June 2019	58,680	–	3,530	241	(53,792)	8,659
Balance at 1 July 2017 (As previously reported)	37,140	82	873	2,711	(14,661)	26,145
Prior year adjustments (Note 30)	–	–	(539)	–	539	–
Balance at 1 July 2017 (Restated)	37,140	82	334	2,711	(14,122)	26,145
Total comprehensive loss						
Loss for the financial year	–	–	–	–	(22,843)	(22,843)
Contributions by owners						
Conversion of warrants to ordinary shares	18,988	–	–	–	–	18,988
Share issue expenses	(193)	–	–	193	–	–
Transfer on conversion from warrants to shares	2,745	–	–	(2,745)	–	–
Employee share-based payment expenses	–	–	1,496	–	–	1,496
Total transactions with owners in their capacity as owners	21,540	–	1,496	(2,552)	–	20,484
Balance at 30 June 2018 (Restated)	58,680	82	1,830	159	(36,965)	23,786

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

Note:

(a) The foreign currency translation reserve comprises the foreign exchange differences arising from the translation if the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

(b) The share option reserve comprises the cumulative value of employee services received for the issue of share options.

(c) The capital reserve pertains to the following:

  (i) The excess of net assets over consideration paid arising from the acquisition of remaining interests in a subsidiary.

  (ii) Debt waiver by a non-controlling interest of the Company's subsidiary recognised directly in equity.

  (iii) Transfer from equity portion of convertible bonds derecognised.

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000 (Restated) (Note 30)
Cash flows from operating activities			
Loss before tax		**(18,698)**	(11,907)
Adjustments:			
Interest expenses		**569**	1,127
Interest income		**(262)**	(297)
Amortisation of intangible assets		**1,404**	1,404
Depreciation of property, plant and equipment		**244**	141
Employee share-based payments expense		**1,700**	1,496
Gain on disposal of property, plant and equipment		**(48)**	–
Loss on liquidation of subsidiary		**–**	86
Impairment loss on financial assets		**38**	5
Impairment loss on intangible assets		**9,131**	–
Write-off of goodwill		**17**	–
Net reversal of provision for legal liabilities	20	**(165)**	(5)
Reversal of long outstanding payables and overstated accruals		**(141)**	(6)
Write-off of property, plant and equipment		**–**	7
Exchange differences		**(28)**	(67)
Operating loss before working capital changes		**(6,239)**	(8,016)
Trade and other receivables		**198**	200
Other current assets		**422**	(27)
Trade and other payables		**(775)**	148
Cash used in operations		**(6,394)**	(7,695)
Income tax paid		**–**	(17)
Net cash used in operating activities		**(6,394)**	(7,712)
Cash flows from investing activities			
Interest received		**262**	297
Purchase of property, plant and equipment	9	**(64)**	(538)
Proceeds from redemption of financial assets, at FVPL	14(c)	**2,222**	–
Proceeds from disposal of property, plant and equipment		**48**	1
Net cash inflow on acquisition of a subsidiary	11	**63**	–
Net cash from / (used in) investing activities		**2,531**	(240)
Cash flows from financing activities			
Interest paid		**(1,655)**	(599)
Release of pledged fixed deposits, net		**–**	11
Proceeds from exercise of warrants		**–**	18,988
Repayment of finance lease	17	**(20)**	(15)
Repayment of convertible bonds	17	**(11,998)**	–
Net cash (used in) / from financing activities		**(13,673)**	18,385
Net (decrease) / increase in cash and cash equivalents		**(17,536)**	10,433
Cash and cash equivalents at beginning of the financial year		**30,544**	20,104
Effect of exchange rate changes on cash and cash equivalents		**(33)**	7
Cash and cash equivalents at end of financial year		**12,975**	30,544

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2019

Reconciliation of assets / liabilities arising from financing activities:

		Financing cash inflow / (outflow)			Non-cash movement		
	1 July 2018 $'000	Additions $'000	Repayment $'000	Interest paid $'000	Interest expenses $'000	Equity component of convertible bonds $'000	30 June 2019 $'000
Liabilities							
Finance lease liabilities	100	98	(20)	(5)	5	–	178
Convertible bonds	11,916	–	(11,998)	–	–	82	–
Accrued interest	1,086	–	–	(1,650)	564	–	–
Assets							
Pledged deposits	50	–	–	–	–	–	50

		Financing cash inflow / (outflow)			Non-cash movement		
	1 July 2017 $'000	Additions $'000	Repayment $'000	Interest paid $'000	Interest expenses $'000	Equity component of convertible bonds $'000	30 June 2018 $'000
Liabilities							
Finance lease liabilities	115	–	(15)	(5)	5	–	100
Convertible bonds	11,918	–	–	(2)	–	–	11,916
Accrued interest	556	–	–	(592)	1,122	–	1,086
Assets							
Pledged deposits	61	50	(61)	–	–	–	50

The accompanying notes form an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

DISA Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's registered office and principal place of business is at 438A Alexandra Road, #08-12 Alexandra Technopark Block A Lobby 3, Singapore 119967.

The principal activities of the Company are those relating to an investment holding company. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

The financial statements for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 3 October 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The financial statements are presented in Singapore dollars ("$" or "SGD") and all values are rounded to the nearest thousand ($'000), as indicated, unless otherwise indicated.

The preparation of the financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Explanation of transition to SFRS(I)s and adoption of new standards

On 1 July 2018, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") which comprise standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

These are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I)s.

The accounting policies set out in this note have been applied in preparing the financial statements for the financial year ended 30 June 2019, the comparative information presented in these financial statements for the financial year ended 30 June 2019 and in the preparation of the opening SFRS(I) statement of financial position at 1 July 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRSs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date, including:

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016.

a) Adoption of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 30 June 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods. The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to $Nil at the date of transition, and reclassified the cumulative FCTR of $44,000 (deficit) as at 1 July 2017 determined in accordance with FRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR of the Group increased by $10,000 and accumulated losses increased by $10,000 (after realisation of foreign currency translation on liquidation of a subsidiary of $6,000) as at 30 June 2018.

b) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The adoption of the new standard did not result in significant changes in accounting policy.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

c) Adoption of SFRS(I) 9 *Financial Instruments*

(I) Classification and measurement of financial assets

All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

(i) Amortised costs

(ii) Fair value through profit or loss (FVPL)

(iii) Fair value through Other Comprehensive Income (FVOCI) – Debt investments

(iv) Fair value through Other Comprehensive Income (FVOCI) – Equity investments

As allowed by short-term exemption in SFRS(I) 1, the Group adopts SFRS(I) 9 on 1 July 2018. The classification and measurement categories are assessed based on facts and circumstances existed at 1 July 2018 for the determination of the business model. Accordingly, the requirement of FRS 39 *Financial Instruments: Recognition & Measurement* are applied to financial instruments up to the financial year ended 30 June 2017. Difference in carrying amounts of financial assets resulting from adoption of SFRS(I) 9 are adjusted to revenue reserve as at 1 July 2018.

The reconciliation of the change in classification and measurement of financial assets (including impairment) and measurement of financial liabilities are explained below:

	Classification of financial assets		Carrying amount at 1 July 2018		Accumulated losses adjustment at 1 July 2018
	FRS 39	SFRS(I) 9	FRS 39	SFRS(I) 9	
			$'000	$'000	$'000
Group					
Trade and other receivables	L&R	Amortised cost	609	549	60
Club membership	L&R	Amortised cost	120	120	–
Other current assets (excluding prepayment)	L&R	Amortised cost	916	916	–
Cash and bank balances	L&R	Amortised cost	30,594	30,594	–
Redeemable preference shares	AFS	FVPL	2,222	2,222	–
Unquoted equity securities	AFS	FVOCI (Equity)	–	–	–

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

c) Adoption of SFRS(I) 9 *Financial Instruments* (Continued)

(I) Classification and measurement of financial assets (Continued)

	Classification of financial assets		Carrying amount at 1 July 2018		Accumulated losses adjustment at 1 July 2018
	FRS 39	SFRS(I) 9	FRS 39 $'000	SFRS(I) 9 $'000	$'000
Company					
Trade and other receivables	L&R	Amortised cost	60	–	60
Other current assets (excluding prepayment)	L&R	Amortised cost	132	132	–
Cash and bank balances	L&R	Amortised cost	22,625	22,625	–
Redeemable preference shares	AFS	FVPL	2,222	2,222	–
Unquoted equity securities	AFS	FVOCI (Equity)	–	–	–

Trade and other receivables and other current assets are previously classified as loans and receivables under FRS 39 and is now classified as financial assets at amortised costs under SFRS(I) 9. The reduction in carrying amount at 1 July 2018 reflects the increase in allowance for impairment which was recognised in opening accumulated losses at 1 July 2018. Details are disclosed in part (II).

The Group previously classified the redeemable preference shares that were not held for trading as AFS financial assets. Upon adoption of SFRS(I) 9, the Group mandatorily measures those investments at FVPL. There is no change in carrying amount as at 1 July 2018 arising from measurement of this instrument under SFRS(I) 9.

On 1 July 2018, the Group irrevocably elects to measure the unquoted equity securities previously classified as available-for-sale financial asset under FRS 39 (Note 14(a)) as financial assets at FVOCI (Equity) (Note 14(b)) as it represents strategic investment that the Group intend to hold for long term. There is no change in carrying amount as at 1 July 2018 arising from measurement of this instrument under SFRS(I) 9.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under FRS 39 that were subject to reclassification, or which the Group has elected to reclassify upon the application of SFRS(I) 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVPL on 1 July 2018 upon adoption of SFRS(I) 9.

(II) Impairment of financial assets

The "incurred loss" model in FRS 39 was replaced by the "Expected Credit Losses (ECL)" model in SFRS(I) 9, which applies to financial assets measured at amortised costs, FVOCI (debt investment), contract assets and intragroup financial guarantee contracts. Impairment loss for trade receivables and contract assets is provided using simplified approach at the lifetime ECL. For assets within the scope of SFRS(I) 9 impairment model, impairment losses are generally expected to be provided at a higher amount and earlier than what was provided using FRS 39.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

c) Adoption of SFRS(I) 9 *Financial Instruments* (Continued)

(II) Impairment of financial assets (Continued)

As allowed by SFRS(I) 9, the Group does not restate comparative information for prior periods in respect of changes in classification and measurement (including impairment). Additional impairment resulting from adoption of SFRS(I) 9 are adjusted to accumulated losses as at 1 July 2018.

Reconciliation of the movement in impairment loss allowance is as follows:

	Group $'000
Loss allowance as at 30 June 2018, under FRS 39	
- Other receivables	5
Additional impairment recognised on 1 July 2018, under SFRS(I) 9	
- Other receivables	60
Loss allowance as at 1 July 2018, under SFRS(I) 9	65

Further details of impairment allowance are disclosed in Note 27(iii).

(III) Tax impact

The tax impact arising from the adoption of SFRS(I) 9 above is deemed immaterial and hence the Group did not recognise the corresponding tax impact to accumulated losses as at 1 July 2018.

Summary of quantitative impact

The reconciliations below summarise the impact of the initial application of SFRS(I) 1 and SFRS(I) 9 on the Group's and the Company's financial position as at 1 July 2017, 30 June 2018 and 1 July 2018. There were no adjustments to the Group's profit or loss and other comprehensive income and statement of cash flows for the financial year ended 30 June 2018 arising on transition to SFRS(I)s.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

Summary of quantitative impact (Continued)

Group	30 June 2018			1 July 2018	
	FRS framework, as restated (Note 30) $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Loss for the financial year	(11,691)	6	(11,685)	–	–
Current assets					
Trade and other receivables	609	–	609	(60)	549
Equity					
Share capital	58,680	–	58,680	–	58,680
Accumulated losses	(24,372)	(10)	(24,382)	(60)	(24,442)
Reserves					
- Foreign currency translation reserve	(1)	10	9	–	9
- Others	2,807	–	2,807	–	2,807
Non-controlling interest	(9,800)	–	(9,800)	–	(9,800)
Total equity	27,314	–	27,314	(60)	27,254

	1 July 2017		
	FRS framework, as restated (Note 30) $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000
Equity			
Share capital	37,140	–	37,140
Accumulated losses	(12,340)	(44)	(12,384)
Reserves			
- Foreign currency translation reserve	(44)	44	–
- Others	3,863	–	3,863
Non-controlling interest	(10,025)	–	(10,025)
Total equity	18,594	–	18,594

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

Summary of quantitative impact (Continued)

Company	30 June 2018	1 July 2018	
	FRS framework, as restated (Note 30) $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Current assets			
Trade and other receivables	60	(60)	–
Equity			
Share capital	58,680	–	58,680
Accumulated losses	(36,965)	(60)	(37,025)
Reserves	2,071	–	2,071
Total equity	23,786	(60)	23,726

Standards issued but not yet effective

In addition to the adoption of the new framework, the Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Descriptions	Effective for annual periods
SFRS(I) 16: *Leases*	1 January 2019
SFRS(I) INT 23: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to SFRS(I)s 2015-2017 cycle (March 2018)	
- SFRS(I) 3 *Business Combinations*	1 January 2019
- SFRS(I) 11 *Joint Arrangements*	1 January 2019
- SFRS(I) 1-12 *Income Taxes*	1 January 2019
- SFRS(I) 1-23 *Borrowing Costs*	1 January 2019
Amendments to SFRS(I) 1-19 *Employee Benefits: Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
SFRS(I) 17 *Insurance Contracts*	1 January 2021
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

The directors expect that the adoption of the new or amended standards and interpretations above will have no material impact on the financial statements in the period of initial application, except for the impending changes in accounting policy on adoption of the following:

SFRS(I) 16 *Leases*

This new standard on leases supersedes the previous standard (FRS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leasees, SFRS(I) 16 reforms leasee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. SFRS(I) 16 is effective for annual reporting periods beginning on or after 1 January 2019.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of $1,641,000 as disclosed in Note 25(ii), which are an appropriate indicator of the SFRS(I) 16 implementation impact on the Group's consolidated statement of financial position. The Group will apply the new SFRS(I) 16 when it becomes effective in 2020 and will apply the modified retrospective approach for the transition. The Group expects to recognise right-of-use assets and lease liabilities for its leases currently classified as operating leases.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with SFRS(I) 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(ii) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(iii) Translation of the Group's financial statements (Continued)

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

When contracts contain multiple performance obligations, the Group allocates the transaction price to the performance obligations in proportion of the relative stand-alone selling price.

<u>Sale of codes</u>

Revenue from the sale of Asset-Protection / Loss Prevention codes ("codes") is recognised at a point in time upon transfer of control of the codes to the customers. There are no right of returns, refunds or volume discounts given.

<u>Rendering of services</u>

Revenue from the provision of consultancy services in relation to energy audit and management is recognised overtime as performance obligations are satisfied.

Other revenue

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Rental income arising from operating leases on parts of its leased office is recognised on a straight-line basis over the lease terms.

Employees' benefits

(i) Retirement benefits

As required by the relevant law of its country of incorporation, the Company and its subsidiaries participates in the national schemes and make contributions under defined pension scheme, to the relevant defined contribution schemes. These contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions, on the date of grant. Non-market vesting conditions are included in the estimation of the number of options under options that are expected to become exercisable on vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in the profit or loss, and a corresponding adjustment to the share option reserve over the remaining vesting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the treasury shares account when treasury shares are re-issued to the employees.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Borrowing costs

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Furniture and fittings and renovation	5
Other equipment	3
Motor vehicles	5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

Club membership

Club membership is stated at cost less accumulated impairment losses.

Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses (see the accounting policy for impairment in this Note).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(i) Goodwill (Continued)

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group if cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in this Note.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and are recognised in profit or loss in the financial year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(ii) Other intangible assets (Continued)

The estimated useful lives are as follows:

	Useful lives (Years)
Core technology	16
Development costs	5

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Core technology

The core technology was acquired in a business combination and is amortised on a straight-line basis over its finite useful life.

Development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development. Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required (for goodwill, intangible assets with indefinite useful lives or yet to be available for use), the Group makes an estimate of the asset's recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Financial assets and liabilities (From 1 July 2018 onwards)

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Trade receivables without financing component is initially measured at the transaction price in accordance with SFRS(I) 15. Other financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (From 1 July 2018 onwards) (Continued)

(ii) Classification and subsequent measurement

Financial assets

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise solely principal and interest on the principal amount outstanding

These assets, mainly trade and other receivables and cash and bank balances, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

Unless designated at FVPL, a debt investment is measured at FVOCI if:

- It is held within a business model with objectives of both collecting contractual cash flows and selling financial assets; and
- Its contractual cash flows comprise solely principal and interest on the principal amount outstanding

These assets are subsequently measured at fair value. Interest income calculated on effective interest rate method, foreign exchange differences and impairment are recognised in profit or loss. Other net gains and losses (including changes in fair value) are recognised in OCI. The cumulative amounts in OCI are reclassified to profit or loss upon derecognition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (From 1 July 2018 onwards) (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Equity investments at FVOCI

Unless held-for-trading, the Group may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss.

Financial assets at FVPL

All financial assets not at amortised cost or FVOCI as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be measured at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis would be mandatorily measured at FVPL.

These assets are subsequently measured at fair value. Net gains or losses, including any interest income or dividend income are recognised in profit or loss.

The Group has no financial assets in the category of financial assets at FVOCI – debt investment.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities is managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise trade and other payables, accruals, provisions and borrowings.

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (From 1 July 2018 onwards) (Continued)

(iii) Derecognition (Continued)

Financial assets (Continued)

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets (From 1 July 2018 onwards)

The Company applies impairment model in SFRS(I) 9 to measure the Expected Credit Losses (ECL) of the financial assets at amortised costs.

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

Simplified approach

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at Life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument or contract asset ('life-time ECL').

General approach

The Group applies general approach on all other financial instruments, and recognises a 12-month ECL on initial recognition. 12-months ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost and contract assets is deducted from the gross carrying amount of those asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (From 1 July 2018 onwards) (Continued)

Significant increase in credit risk (Stage 2)

For credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment loss allowance is measured at life-time ECL. When a financial asset is determined to have a low credit risk at reporting date, the Group assumes that there has been no significant increase in credit risk since initial recognition. The Company uses reasonable and supportable forward-looking information available without undue cost or effort to determine, at each reporting date, whether there is significant increase in credit risk since initial recognition.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

If credit risk has not increased significantly since initial recognition or if the credit quality improves such that there is no significant increase in credit risk since initial recognition, loss allowance is measured at 12-month ECL.

Definition of default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation in full, without recourse by the Company; or
- The financial asset is more than 90 days past due.

Credit-impaired (Stage 3)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off the gross carrying amount of a financial assets to the extent that there is no realistic prospect of recovery, for example when the debtor goes into liquidation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Before 1 July 2018)

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date.

(a) Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and bank balances and trade and other receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) Available-for-sale financial assets (“AFS”)

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Assets in this category are presented as non-current assets unless the investment matures or management intends to dispose off the assets within 12 months after the reporting date.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are stated at cost less impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Before 1 July 2018) (Continued)

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Impairment of financial assets (Before 1 July 2018)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Before 1 July 2018) (Continued)

(ii) Available-for-sale financial assets

Considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired include (i) a significant or prolonged decline in the fair value of the investment below its costs, (ii) significant financial difficulties of the issuer or obligor, and (iii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When the available-for-sale financial asset is impaired, the cumulative loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

Other non-current assets

Other non-current assets comprise mainly prepayment of rights, interest in and ownership of granite and the rights on the use of plant and machinery. The prepayment of rights, interest in and ownership of granite is amortised proportionately based on the quantity of the granite sold during the period over the estimated granite reserve. The rights on the use of plant and machinery are amortised over straight-line basis over their estimated useful lives of 7 years, from the date on which they are available for use.

Financial liabilities (Before 1 July 2018)

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

General

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provisions for assurance-type warranty related costs are recognised when the product is sold or services provided. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

  (i) Has control or joint control over the Company;

  (ii) Has significant influence over the Company; or

  (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with financial institutions and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral and which form an integral part of the Group's cash management.

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of intangible assets

The fair value of the core technology acquired in a business combination was based on the Multi–Period Excess Earnings Method ("MPEEM") which aims at measuring the excess earnings attributable to the intangible asset. Economic charges reflecting the use of contributory assets are then subtracted to arrive at excess earnings attributable to the intangible asset. The value of the intangible asset is the present value of the excess earnings after taxes discounted by an appropriate risk adjusted discount rate. The estimated useful life reflects management's estimates of the period that the Group intends to derive future economic benefits from the use of the Group's intangible assets. Changes in the expected level of usage and technological developments could affect the useful lives of these assets which could then consequentially impact future amortisation charges. The carrying amount of the Group's intangible assets as at 30 June 2019 is disclosed in Note 10.

Determining whether intangible assets are impaired requires an estimation of their recoverable amounts. The intangible assets are in respect of core technology (including asset protection technology) and development costs which have collectively been determined as a CGU (under the Technology segment). The recoverable amounts of the CGU was based on its value-in-use, the determination of such values in use involve significant use of estimates and assumptions by management. These estimates and assumptions are disclosed and further explained in Note 10.

Based on the management's assessment, an impairment of $9,131,000 (2018 : $Nil) was made during the financial year.

(b) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. The key assumptions and inputs used are disclosed in Note 27(iii).

(c) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows, using a suitable discount rate in order to calculate the present value of those cash flows. The estimates and assumptions are disclosed and further explained in Note 11.

Based on the management's assessment, an impairment of $12,084,000 (2018 : $18,140,000) was made during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(ii) Critical judgements in applying the entity's accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Other current assets – Deposit paid to secure potential investment (Note 15)

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 (Singapore) Pte. Ltd. ("EIKA") and its subsidiary, PT. Engineering Indonesia Karya ("PT Karya"). The Company also has no access to financial information and accounting records relating to PT Karya and accordingly EIKA and its subsidiary have been classified as deposit to secure potential investment under other current assets since FY2013.

3. TOTAL REVENUE

	Group	
	2019	2018
	$'000	$'000
Revenue from contracts with customers	**508**	239
Other income	**757**	346
	1,265	585

(a) Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and overtime in the following major type of goods and services:

	Group		
	At a point in time	**Over time**	**Total**
	$'000	**$'000**	**$'000**
By type of goods and services and timing of revenue recognition			
2019			
Sales of codes	441	–	441
Services rendered	–	67	67
	441	67	508
2018			
Sales of codes	169	–	169
Services rendered	–	70	70
	169	70	239

3. TOTAL REVENUE (Continued)

(b) Other income

	Group 2019 $'000	Group 2018 $'000
Gain on disposal of property, plant and equipment	**48**	–
Grants received from government	**9**	3
Interest income from banks	**261**	280
Interest income from third parties	**1**	17
Rental income from third parties	**85**	12
Net reversal of provision for legal liabilities (Note 20)	**165**	–
Reversal of long outstanding payables and overstated accruals	**141**	6
Miscellaneous income	**47**	28
	757	346

4. EMPLOYEE BENEFITS EXPENSES

	Group 2019 $'000	Group 2018 $'000 (Restated) (Note 30)
Salaries and bonuses	**4,172**	4,352
Other short-term employee benefits	**326**	302
Total short-term employee benefits	**4,498**	4,654
Employer's contribution to Central Provident Fund	**286**	288
Share-based payments	**1,700**	1,496
	6,484	6,438

The above employee benefits expenses include remuneration of directors and key management personnel as disclosed in Note 24.

5. FINANCE COSTS

	Group 2019 $'000	Group 2018 $'000
Interest expenses on:		
- convertible bonds	**564**	1,122
- finance lease liabilities	**5**	5
	569	1,127

6. LOSS BEFORE TAX

This is determined after charging / (crediting) the following:

	Group 2019 $'000	Group 2018 $'000
Audit fees paid / payable to auditors of the Company *	**54**	66
Amortisation of intangible assets	**1,404**	1,404
Depreciation of property, plant and equipment	**244**	141
Directors' remuneration	**1,120**	915
Directors' fees *	**253**	387
Legal and professional expenses	**289**	601
Research and development expense *	**166**	149
Foreign exchange loss / (gain), net *	**20**	(55)

* included in other expenses

7. INCOME TAX CREDIT

	Group	
	2019	2018
	$'000	$'000
Current tax expense		
Underprovision in prior years	**–**	17
Deferred tax		
Reversal and origination of temporary differences	**(1,790)**	(239)
	(1,790)	(222)

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2018: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the difference applicable jurisdictions in the current financial year from the last financial year.

Reconciliation of effective tax rate is as follows:

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Loss before tax	**(18,698)**	(11,907)
Tax credit at statutory rates	**(3,179)**	(2,024)
Tax effect of:		
Effect of different tax rates in other countries	**2**	503
Expenses not deductible for tax purposes	**823**	259
Income not subject to tax	**(60)**	(22)
Underprovision of current tax expenses in prior financial years	**–**	17
Deferred tax assets not recognised	**626**	1,045
Utilisation of previously unrecognised deferred tax assets	**(2)**	–
	(1,790)	(222)

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $53,900,000 and $14,383,000 (2018: $50,218,000 and $14,383,000) respectively, that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. There is no expiry date for the Group to use these tax losses, which are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

8. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the computation of basic and diluted loss per share for the financial year ended 30 June:

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Basic and diluted loss per share is based on:		
Net loss attributable to ordinary shareholders	**(16,962)**	(11,998)

	No. of shares	
	'000	'000
Issued ordinary shares as at 1 July	10,038,683	7,326,139
Effect of ordinary shares issued	–	2,544,487
Weighted average number of ordinary shares as at 30 June	10,038,683	9,870,626
Loss per share (cents)	(0.17)	(0.12)

For the purpose of calculation of the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding. As the effect is anti-dilutive, the diluted loss per share is the same as the basic earnings per share.

Employee share options (2018: equity conversion option of Redeemable Convertible Bonds (Note 17 [(a)]) and other share options) has not been included in the calculation of diluted loss per share because they are anti-dilutive for current financial year presented.

	Group	
	No. of shares	
	2019	2018
	'000	'000
Weighted average number of ordinary shares as at 30 June	**10,038,683**	9,870,626
Potential ordinary shares issuable under:		
Share options	**–**	7,500
	10,038,683	9,878,126

9. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and fittings and renovation $'000	Other equipment $'000	Motor vehicles $'000	Total $'000
Cost				
As at 1 July 2017	233	140	671	1,044
Additions	656	19	–	675
Disposals	(1)	–	–	(1)
Write-offs	(191)	(47)	–	(238)
As at 30 June 2018	697	112	671	1,480
As at 1 July 2018	697	112	671	1,480
Additions	–	–	162	162
Disposals	–	–	(271)	(271)
As at 30 June 2019	697	112	562	1,371
Accumulated depreciation				
As at 1 July 2017	195	102	291	588
Depreciation for the financial year	43	18	80	141
Disposals	– *	–	–	– *
Write-offs	(186)	(45)	–	(231)
As at 30 June 2018	52	75	371	498
As at 1 July 2018	52	75	371	498
Depreciation for the financial year	137	19	88	244
Disposals	–	–	(271)	(271)
As at 30 June 2019	189	94	188	471
Net carrying amount				
As at 30 June 2019	508	18	374	900
As at 30 June 2018	645	37	300	982

* denotes an amount less than $1,000

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Furniture and fittings $'000	Other equipment $'000	Motor vehicles $'000	Total $'000
Cost				
As at 1 July 2017	63	49	671	783
Additions	137	–	–	137
Write-offs	(45)	(22)	–	(67)
As at 30 June 2018	155	27	671	853
As at 1 July 2018	155	27	671	853
Additions	–	–	162	162
Disposals	–	–	(271)	(271)
As at 30 June 2019	155	27	562	744
Accumulated depreciation				
As at 1 July 2017	60	45	291	396
Depreciation for the financial year	9	2	80	91
Write-offs	(45)	(21)	–	(66)
As at 30 June 2018	24	26	371	421
As at 1 July 2018	24	26	371	421
Depreciation for the financial year	27	1	88	116
Disposals	–	–	(271)	(271)
As at 30 June 2019	51	27	188	266
Net carrying amount				
As at 30 June 2019	104	–	374	478
As at 30 June 2018	131	1	300	432

During the financial year, the Group acquired the plant and equipment with an aggregate cost of $162,000 (2018: $538,000) of which $98,000 (2018: $Nil) was acquired by means of finance leases. Cash payments of $64,000 (2018: $538,000) were made to purchase plant and equipment. In 2018, the Group also capitalised an estimated reinstatement cost of $137,000 (Note 19).

Assets held under finance lease

The carrying amount of the motor vehicle held under finance lease of the Group as at 30 June 2019 amounted to $374,000 (2018: $300,000).

Assets held in trust

A motor vehicle with carrying amount of $220,000 (2018: $300,000) is held in trust by a director of the Company.

10. INTANGIBLE ASSETS

Group	Core technology $'000	Development costs $'000	Goodwill $'000	Total $'000
Cost				
As at 1 July 2017, 30 June 2018 and 1 July 2018	31,624	609	–	32,233
Additions	–	–	17	17
As at 30 June 2019	31,624	609	17	32,250
Accumulated amortisation and impairment loss				
As at 1 July 2017	19,685	609	–	20,294
Amortisation for the financial year	1,404	–	–	1,404
As at 30 June 2018	21,089	609	–	21,698
As at 1 July 2018	21,089	609	–	21,698
Amortisation for the financial year	1,404	–	–	1,404
Impairment loss	9,131	–	–	9,131
Write-off	–	–	17	17
As at 30 June 2019	31,624	609	17	32,250
Net carrying amount				
As at 30 June 2019	–	–	–	–
As at 30 June 2018	10,535	–	–	10,535

The amortisation charge for the Group for the financial year has been charged to depreciation and amortisation expenses in the consolidated profit or loss and other comprehensive income.

Goodwill

Goodwill arising from acquisition of Disa Insurance Company Limited ("DICL") (formerly known as Asia Pacific Captive Management Limited) (Note 11) has been fully written off in the financial year.

Impairment testing of core technology and development costs

The intangible assets are in respect of core technology (including asset protection technology) and development costs acquired via acquisition of a subsidiary which have collectively been determined as a Cash Generating Unit ("CGU") (under the Technology segment). The recoverable amounts of the CGU were based on its value-in-use ("VIU"), which is the net present value of expected future cash flows over a period of 7 years (2018: 8 years) (being the remaining life of the patent of the core technology) from the financial year ended 30 June 2019 ("FY2019") to the financial year ending 30 June 2026 ("FY2026"). The pre-tax discount rate applied to the pre-tax cash flow projections is 20% (2018: 20%).

Based on the assessment, a full impairment loss of $9,131,000 was recognised during the current financial year as the management adjusted downwards the revenue growth projections due to the longer lead time needed to onboard new customers and the management had also decided to focus only on the United States market (2018: United States and European market). As a result, the Group now does not expect a positive VIU to be likely for the period until FY2026 which is the expiry of patent.

11. SUBSIDIARIES

	Company	
	2019	2018
	$'000	$'000
Equity investments at cost	**57,977**	57,977
Impairment losses	**(57,977)**	(45,893)
	–	12,084

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity holding 2019 %	Effective equity holding 2018 %
Held by the Company				
Disa Digital Safety Pte. Ltd. [(a)] ("DDSPL")	Provision of digital security, anti-theft solutions and anti-counterfeiting solutions	Singapore	100	100
Equation Energy Pte. Ltd. [(a)]	Provide energy audit and management, marketing of environmental-friendly systems	Singapore	70	70
Equation Resources Pte. Ltd. [(a)]	Supply and trading of construction materials	Singapore	81.6	81.6
Held by Disa Digital Safety Pte. Ltd.				
QuickCheck Technology Limited [(b)]	Investment holding	Samoa	77.5	77.5
Disa Digital Safety (Shenzhen) Limited [(b)]	Trading of electronic products, research and development and market promotion	China	100	100
Disa Digital Safety (USA) [(b)]	Provision of anti-theft solutions	United States	100	100
Disa Insurance Company Limited [(c)]	Carry on the business of a captive insurer	Malaysia	51	–

(a) Audited by Crowe Horwath First Trust LLP, Singapore.

(b) Statutory audit is not required in the country of incorporation.

(c) Acquired during the financial year and in the process of appointing an auditor.

11. SUBSIDIARIES (Continued)

On 14 February 2018, the Company had increased its cost of investment in a wholly-owned subsidiary, DDSPL from $32,324,000 to $45,824,000 through the capitalisation of existing intercompany loan owed by DDSPL of $3,355,708 and a cash consideration of $10,144,292.

(i) Impairment testing of investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the subsidiaries. Such recoverable amounts are estimated based on the values in use of the subsidiaries. The value-in-use of the Company's investments in certain subsidiaries has been determined based on valuation models which assume that the principal activities of these subsidiaries will be capable of generating future profitability and growth in the business of these activities. The value-in-use of these investments is dependent on the ability of the entities to realise this assumption.

An impairment assessment was conducted on the recoverable amounts of the Company's investment in these subsidiaries. The recoverable amounts of the subsidiaries were determined based on the value in use calculation using cash flow projections and applying discount rates of 20% (2018: 20%). Based on the calculation, the carrying amounts of DDSPL $120,084,000 was determined to be fully impaired as at 30 June 2019 and an impairment loss of $12,084,000 was recognised in the financial year (2018: $18,140,000). This is due to the lower cash flows projected from its sales of codes using the asset protection technology as disclosed in Note 10.

The change in impairment losses in respect of investments in subsidiaries are as follows:

	Company	
	2019	2018
	$'000	$'000
Balance as at 1 July	**45,893**	27,753
Charge to profit or loss	**12,084**	18,140
Balance as at 30 June	**57,977**	45,893

(ii) Acquisition of a subsidiary

On 8 March 2019, DDSPL had entered into a sale and purchase of shares agreement with a third party to purchase 74,324 of shares, representing 51% of equity shares in Disa Insurance Company Limited ("DICL") (formerly known as Asia Pacific Captive Management Limited) at a purchase consideration of USD79,050. The intended business of DICL is that of a captive insurer. Upon completion of acquisition, DICL became a subsidiary of the Group.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of DICL's identifiable net assets. The fair value of the identifiable assets and liabilities of DICL as at the acquisition date were:

11. SUBSIDIARIES (Continued)

(ii) Acquisition of a subsidiary (Continued)

	Fair value recognised on acquisition $'000
Prepayment	7
Cash and cash equivalents	170
Total identifiable net assets at fair value	177
Non-controlling interest measured at the non-controlling interests' proportionate share of DICL's net identifiable assets	(87)
Goodwill arising from acquisition [1]	17
Consideration transferred for the acquisition of DICL	107
Cash paid	(107)
Cash and cash equivalents of subsidiary acquired	170
Net cash inflow on acquisition	63

(1) Goodwill amounting to $17,000 was written off during the financial year and disclosed in Note 10.

Impact of the asquisition on profit or loss

From the acquisition date, DICL has contributed net loss at $3,843 to the Group's loss for the financial year.

Interest in subsidiary with material non-controlling interests ("NCI")

The following subsidiary has NCI which is material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI		Accumulated NCI	
			2019 $'000	2018 $'000	2019 $'000	2018 $'000
Equation Resources Pte. Ltd.	Singapore	18.4%	53	6	(9,681)	(9,734)

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group.

11. SUBSIDIARIES (Continued)

(ii) Acquisition of a subsidiary (Continued)

Summarised financial information (before intercompany eliminations):

	2019 **$'000**	2018 $'000
Assets	**78**	1,024
Liabilities	**(45,001)**	(46,234)
Net liabilities	**(44,923)**	(45,210)
Profit after tax, representing total comprehensive income	**289**	31
Net cash flows used in operating activities	**(17)**	(28)
Net cash flows from financing activities	**52**	28

12. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Trade receivables	**4,260**	4,719	**–**	–
Less: impairment losses	**(4,163)**	(4,170)	**–**	–
	97	549	**–**	–
Other receivables	**1,063**	1,122	**109**	168
Less: impairment losses	**(1,063)**	(1,062)	**(109)**	(108)
	–	60	**–**	60
Total trade and other receivables, net	**97**	609	**–**	60

Trade receivables are non-interest bearing and the average credit period on sale of goods ranges from Nil to 30 (2018: 30 to 90) days according to the terms agreed with the customers.

13. OTHER NON-CURRENT ASSETS

Group	Prepayment for rights, interest in and ownership of granite [(a)] $'000	Prepayment for rights on use of plant and machinery [(b)] $'000	Club membership [(c)] $'000	Total $'000
Cost				
As at 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	12,685	815	120	13,620
Accumulated amortisation				
As at 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	1,043	815	–	1,858
Accumulated Impairment loss				
As at 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	11,642	–	–	11,642
Net carrying amount				
As at 30 June 2018 and 2019	–	–	120	120

(a) Prepayment for rights, interest in and ownership of granite as at 30 June 2018 and 2019 relates to amounts paid for the 100% of rights, interest in and ownership of granite paid to PT Kawasan Dinamika Harmonitama ("KDH") by Equation Resources Pte. Ltd. ("ERPL"), an 81.6% owned subsidiary.

The prepayment of rights, interest in and ownership of granite is amortised proportionately based on the quantity of the granite sold during the period over the estimated granite reserve of 15 million tonnes.

On 22 March 2012, ERPL commenced arbitration proceedings against KDH by filing a Notice of Arbitration with the Singapore International Arbitration Centre ("SIAC"). ERPL is claiming against KDH for contractual damages for KDH's breaches of a sale and purchase co-operation agreement dated 5 February 2009 and supplemental agreement thereto dated 13 November 2009 for the purchase of the rights, ownership and interest in granite obtained and extracted by KDH ("Extracted Granite") from a mining area in the District of Meral, Karimun Regency, a province of the Riau Islands, in the Republic of Indonesia.

On 27 March 2012, ERPL obtained an interim injunction against KDH from the High Court of Singapore restraining KDH from disposing or dissipating the Extracted Granite and KDH's plant and machinery, until the arbitration tribunal may be constituted to hear the case or make any further interim orders. The oral hearing and post-hearing submission to arbitration tribunal were completed in early November 2013.

On 28 January 2014, ERPL announced that SIAC has awarded in favour of the Company, in respect of its claims against KDH arising from KDH's breaches of the Agreement ("Award"). Under the Award, KDH has been ordered to pay the Company a total sum of $13,086,000 plus interest of 6% per annum.

On 11 September 2015, ERPL had registered the Award at Central Jakarta District Court and the Group is presently at the stage of enforcement of proceedings of the final arbitral award against KDH in Indonesia and the success of enforcement of the Award is dependent on the outcome of the proceedings.

13. OTHER NON-CURRENT ASSETS (Continued)

In 2017, the management had made an assessment of the carrying value of prepayment for rights, interest in and ownership of granite for indications of impairment. Based on this assessment, an additional impairment loss of the Group's other non-current assets amounted to approximately $5,939,000 (2016 : $5,000,000) was recognised into profit or loss during the financial year ended 30 June 2017 as the management has taken the view that the recovery of the carrying value of the prepayment is deemed unlikely due to the uncertainty of the outcome of the proceedings of enforcement of the Award.

From 2016 to 2018, the Group was in the process of preparation to file Petition for Suspension of Debt Payment Obligations against KDH before the Commercial Court of Medan District Court as the creditor of KDH. In 2019, after further assessment on the financial status of KDH, the Group decided to stop the enforcement of the Award as there is no financial incentive in return.

(b) Prepayment for rights on the use of plant and machinery relates to contribution to the cost in exchange for the right on the use of plant and machinery for the exploration and exploitation of land and the extraction of granite in Indonesia pursuant to the agreement with KDH.

The rights on the use of plant and machinery are amortised in profit or loss on a straight-line basis over their estimated useful lives of 7 years and has been fully amortised.

(c) Club membership is held in trust by a director of the Company.

	Company	
	2019	2018
	$'000	$'000
Amounts due from subsidiaries	**43,582**	43,600
Impairment losses	**(43,471)**	(43,576)
	111	24

The amounts due from subsidiaries are non-trade loans, which are unsecured and repayable on demand. These amounts are expected to be settled in cash.

14(a). FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	Group and Company	
	2019	2018
	$'000	$'000
Unquoted equity securities		
Cost		
At beginning of the financial year	**120**	120
Reclassification to FVOCI (equity) at 1 July 2018 upon initial adoption of SFRS(I) 9 (Note 14(b))	**(120)**	–
At end of the financial year	**–**	120
Accumulated impairment loss		
At beginning of the financial year	**(120)**	(120)
Reclassification to FVOCI (equity) at 1 July 2018 upon initial adoption of SFRS(I) 9 (Note 14(b))	**120**	–
At end of the financial year	**–**	(120)
Net carrying amount	**–**	–

The unquoted equity securities represent 10.10% of equity share interest and 108,000 preference shares in Gema Holdings Ltd ("Gema"). In the previous financial years, management assessed its investment in Gema for impairment. Following the results of their assessment, a full impairment loss of $120,000 had been recognised in the previous financial years.

	Group and Company	
	2019	2018
	$'000	$'000
Redeemable preference shares		
At beginning of the financial year	**2,222**	2,222
Reclassification to FVPL at 1 July 2018 upon initial adoption of SFRS(I) 9 (Note 14(c))	**(2,222)**	–
At end of the financial year	**–**	2,222

The unquoted equity securities comprise the Company's investment in redeemable preference shares of an investee whose principal activity is property development. The redeemable preference shares have been fully redeemed on 20 July 2018.

14(b). FINANCIAL ASSETS, AT FVOCI (EQUITY)

	Group and Company	
	2019	2018
	$'000	$'000
Unquoted equity securities		
Reclassification from available-for-sale at 1 July 2018 upon initial adoption of SFRS(I) 9 (Note 14(a)), net representing the balance at end of the financial year	**–**	–

At initial recognition, the Group made an irrevocable election to measure the unquoted equity securities in Gema Holdings Ltd ("Gema") as it is a strategic investment that the Group intend to hold for long term. Those investments were reclassified from financial assets, available-for-sale at 1 July 2018 upon initial adoption of SFRS(I) 9 (Note 14(a)).

As at both reporting dates, the carrying amount is $Nil as it has been fully impaired since the previous financial years. In the opinion of the directors this represents the fair value of the investment as Gema does not have a history of profit and positive cash flows.

14(c). FINANCIAL ASSETS, AT FVPL

	Group and Company	
	2019	2018
	$'000	$'000
Redeemable preference shares:		
At beginning of the financial year	**–**	–
Reclassification from available-for-sale at 1 July 2018 upon initial adoption of SFRS(I) 9 (Note 14(a))	**2,222**	–
Redemption	**(2,222)**	–
At end of the financial year	**–**	–

The redeemable preference shares have been fully redeemed on 20 July 2018 with cash consideration of $2,222,000.

15. OTHER CURRENT ASSETS

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

(a) Refundable deposits consist mainly of rental deposits.

(b) 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.

(c) 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.

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

15. OTHER CURRENT ASSETS (Continued)

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'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	**1,724**	1,881	**1,000**	1,000

16. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at banks and on hand	**1,898**	2,741	**342**	572
Short-term bank deposits	**11,127**	27,853	**8,367**	22,053
	13,025	30,594	**8,709**	22,625

Short-term bank deposits of the Group and the Company at the reporting date have maturity range from 4 weeks to 11 months (2018: from 3 weeks to 18 months) from the end of the financial year with the following weighted average effective interest rates of 0.50 to 2.99 (2018: 0.10 to 1.31) per annum.

Included in the deposits places with banks of the Group and the Company as security amounting to $50,000 (2018: $50,000) was security charges pledged with banks for facilities.

For the purpose of the consolidated statement of cash flows, the consolidated cash and bank balances comprise the following at the end of the financial year:

	Group	
	2019	2018
	$'000	$'000
Cash and bank balances	**13,025**	30,594
Deposits placed with banks as security	**(50)**	(50)
Cash and cash equivalents as presented in consolidated statement of cash flows	**12,975**	30,544

17. BORROWINGS

	Group and Company	
	2019	2018
	$'000	$'000
Non-current		
Finance lease liabilities [b]	**149**	84
Current		
Finance lease liabilities [b]	**29**	16
Convertible bonds [a]	**–**	11,916
	29	11,932
	178	12,016

[a] The bonds matured on 23 December 2018 and the Company redeemed all outstanding Redeemable Convertible Bonds and accrued interests in cash.

[b] The Group and the Company have obligations under finance leases that are payable as follows:

	2019			2018		
	Principal	**Interest**	**Payments**	Principal	Interest	Payments
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Group and Company						
Within 1 year	**29**	**7**	**36**	16	4	20
Between 1 and 5 years	**123**	**14**	**137**	71	8	79
More than 5 years	**26**	**1**	**27**	13	1	14
	178	**22**	**200**	100	13	113

The effective interest rates charged during the financial year was 4.22% to 4.40% (2018: 4.40%) per annum. Interest rates are fixed at the contract dates, and thus expose the Group to fair value interest rate risk. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade payables-third parties	**898**	1,930	**–**	–
Other payables				
- director	**16**	11	**16**	11
- third parties	**296**	326	**104**	99
	1,210	2,267	**120**	110
Deposits received	**18**	4	**4**	4
Others	**4**	4	**–**	–
Total trade and other payables	**1,232**	2,275	**124**	114

18. TRADE AND OTHER PAYABLES (Continued)

Included in the trade payables is an amount of $289,000 (2018: $289,000) which is payable to KDH (Note 13).

The other payable due to a director is unsecured, interest-free and is repayable on demand. This amount is expected to be settled in cash.

19. ACCRUALS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Accrued interest	**–**	1,086	**–**	1,086
Accrued staff costs	**133**	235	**44**	43
Accrued operating expenses *	**522**	654	**468**	568
	655	1,975	**512**	1,697

* Included in accrued operating expenses is provision for reinstatement cost amounting to $137,000 (2018 : $137,000) (Note 9)

20. PROVISIONS AND OTHER LIABILITIES

Group	**Legal**	**Other liabilities**	**Total**
	$'000	**$'000**	**$'000**
Balance at 1 July 2017	194	510	704
Reversal of provision	(5)	–	(5)
As at 30 June 2018	189	510	699
Balance at 1 July 2018	189	510	699
Reversal of provision	(178)(i)	–	(178)
Additional provision	8	5	13
As at 30 June 2019	19	515(ii)	534

The provisions for legal liabilities and other liabilities were related to litigation claims and legal proceeding costs incurred by the claimants.

(i) In response to arbitration claim by a subsidiary, ERPL, for the loss and damages arising from unpaid charter hire and liquidated damages in 2013, the respondent customer made a counter claim for an amount in excess of the amount claimed by ERPL, and a provision was made in financial year 2017 for the excess amount. During the financial year, the arbitrator has delivered a final arbitration award plus costs in favour of ERPL totaling $442,000 and dismissed the counter claim by the customer. The Company has also entered a judgement in court in respect of the sums awarded, but did not proceed with enforcement due to likely difficulties, and therefore no receivables were recorded as at 30 June 2019 to reflect the potential recovery of costs and amounts due. Provision for the counter claim amounting to $178,000 is reversed and included in other income (Note 3(b)) during the current financial year.

(ii) A customer of ERPL made an arbitration claim for breach of a fixture note as well as for loss and damage suffered. On 25 June 2016, the Singapore International Arbitration Centre ("SIAC") had awarded in favour of the customer of the subsidiary in respect of its claims amounting to $515,000 (2018: $510,000) which was included in other liabilities as the reporting date.

21. DEFERRED TAX LIABILITIES

	Group	
	2019	2018
	$'000	$'000
Balance as at 1 July	**1,790**	2,029
Recognised in profit or loss (Note 7)	**(1,790)**	(239)
Balance as at 30 June	**–**	1,790
Deferred tax liabilities as at 30 June related to the following:		
Differences arising from intangible assets	**–**	1,790

22. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of ordinary shares ('000)	**$'000**	Number of ordinary shares ('000)	$'000
Issued and fully paid				
Balance as at 1 July	**10,038,683**	**58,680**	7,326,139	37,140
Share issue pursuant to:				
Ordinary share				
- exercise of warrants	**–**	**–**	2,712,544	18,988
Share issue expense	**–**	**–**	–	(193)
Transfer on conversion from warrants to shares	**–**	**–**	–	2,745
Balance as at 30 June	**10,038,683**	**58,680**	10,038,683	58,680

As at 30 June 2018, 2,712,544,301 warrants had been exercised. The proceeds for exercised of warrants were $18,988,000. The remaining unexercised 33,723,298 warrants amounting to $33,000 had expired on 2 August 2017.

All issued shares are fully paid. The newly issued shares rank pari passu in all respects with the previously issued shares.

The ordinary shares have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

23. SHARE-BASED PAYMENTS

DISA Employee Share Option Scheme (the "DISA ESOS")

The ECL ESOS ("ECL ESOS 2010") was approved and adopted by members of the Company at an Extraordinary General Meeting ("EGM") held on 28 October 2010 ("Date of Adoption"). The ESOS 2010 shall continue to be in force at the discretion of the Company subject to a maximum period of 10 years commencing from the Date of Adoption till 27 October 2020.

The ESOS 2010 replaced the ECL ESOS that was approved and adopted by members of the Company at an EGM held on 23 December 1999. The ECL ESOS 1999 expired on 22 December 2009. Subsequently, ECL ESOS has been renamed to DISA ESOS with effect from 13 February 2017.

Other information regarding the DISA ESOS is set out below:

- The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.

- The aggregate number of ordinary shares which may be allotted and issued shares upon the exercise of options granted pursuant to the DISA ESOS of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

- Options granted to and accepted by executives, directors and employees in respect of an option granted with a subscription price at the market price will be exercisable after the first anniversary of the offer date of that option. Options granted to and accepted by executives, directors and employees in respect of an option granted with a subscription price at a discount to the market price will only be exercisable after the second anniversary of the offer date of that option.

- As announced by the Company on 27 August 2019, the vesting period for options granted after October 2017 has been adjusted to create better retention of talent and knowledge according to the following vesting schedule.

23. SHARE-BASED PAYMENTS (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

New Vesting Period

Options which are exercisable at no discount to the market price	**Vesting schedule**	**Percentage of options which are exercisable**	
		Directors	**Employees**
	On or after the first anniversary of the date of grant	33.30%	25%
	On or after the second anniversary of the date of grant	33.30%	25%
	On or after the third anniversary of the date of grant	33.40%	25%
	On or after the fourth anniversary of the date of grant	Not applicable	25%

Options which are exercisable at a discount to the market price	**Vesting schedule**	**Percentage of options which are exercisable**	
		Directors	Employees
	On or after the first anniversary of the date of grant	Not applicable	Not applicable
	On or after the second anniversary of the date of grant	33.30%	25%
	On or after the third anniversary of the date of grant	33.30%	25%
	On or after the fourth anniversary of the date of grant	33.40%	25%
	On or after the fifth anniversary of the date of grant	Not applicable	25%

- The options granted will expire after 10 years from the offer date of the option for executives, directors and employees of the Company and its subsidiaries.

23. SHARE-BASED PAYMENTS (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

Movement in the number of share options and their related weighted average exercise prices is as follows:

2019

Date of grant	Balance as at 1 July 2018	Additions	Options forfeited	Balance as at 30 June 2019	Exercise price per share ($)	Exercisable period
ESOS 2010						
8 January 2015	7,500,000	–	–	7,500,000	0.00600	8 January 2016 to 7 January 2025
8 December 2016	18,000,000	–	(8,000,000)	10,000,000	0.01110	8 December 2017 to 7 December 2026
8 December 2016 [1]	8,000,000	–	(8,000,000)	–	0.00999	8 December 2018 to 7 December 2026
16 March 2017	6,000,000	–	(2,000,000)	4,000,000	0.03010	16 March 2018 to 15 March 2027
3 April 2017	8,000,000	–	–	8,000,000	0.02920	3 April 2018 to 2 April 2027
3 July 2017	5,500,000	–	(1,500,000)	4,000,000	0.01350	3 July 2018 to 2 July 2027
1 November 2017	189,000,000	–	(54,000,000)	135,000,000	0.01420	1 November 2018 to 31 October 2027
13 November 2017	4,000,000	–	–	4,000,000	0.01360	13 November 2018 to 12 November 2027
28 November 2017	26,000,000	–	(8,000,000)	18,000,000	0.01290	28 November 2018 to 27 November 2027
11 July 2018	–	13,000,000	–	13,000,000	0.00900	11 July 2019 to 10 July 2028
6 August 2018 [1]	–	51,000,000	(31,000,000)	20,000,000	0.00720	6 August 2020 to 5 August 2028
17 October 2018	–	526,500,000	(5,500,000)	521,000,000	0.00500	17 October 2019 to 16 October 2028
11 January 2019	–	20,000,000	–	20,000,000	0.00300	11 January 2020 to 10 January 2029
	272,000,000	610,500,000	(118,000,000)	764,500,000		

23. SHARE-BASED PAYMENTS (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

2018

Date of grant	Balance as at 1 July 2017	Additions	Options forfeited	Balance as at 30 June 2018	Exercise price per share ($)	Exercisable period
ESOS 2010						
8 January 2015	7,500,000	–	–	7,500,000	0.00600	8 January 2016 to 7 January 2025
8 December 2016	18,000,000	–	–	18,000,000	0.01110	8 December 2017 to 7 December 2026
8 December 2016 [1]	8,000,000	–	–	8,000,000	0.00999	8 December 2018 to 7 December 2026
8 February 2017	1,000,000	–	(1,000,000)	–	0.03260	8 February 2018 to 7 February 2027
16 March 2017	10,000,000	–	(4,000,000)	6,000,000	0.03010	16 March 2018 to 15 March 2027
3 April 2017	8,000,000	–	–	8,000,000	0.02920	3 April 2018 to 2 April 2027
3 July 2017	–	6,000,000	(500,000)	5,500,000	0.01350	3 July 2018 to 2 July 2027
31 July 2017	–	1,000,000	(1,000,000)	–	0.01500	31 July 2018 to 30 July 2027
1 November 2017	–	212,000,000	(23,000,000)	189,000,000	0.01420	1 November 2018 to 31 October 2027
13 November 2017	–	4,000,000	–	4,000,000	0.01360	13 November 2018 to 12 November 2027
28 November 2017	–	27,000,000	(1,000,000)	26,000,000	0.01290	28 November 2018 to 27 November 2027
	52,500,000	250,000,000	(30,500,000)	272,000,000		

[1] These share options were granted at a 10% discount.

Out of the outstanding options for 764,500,000 (2018: 272,000,000) shares, options for 73,999,500 (2018: 39,500,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise is $0.00815 (2018: $0.01413) per share. The fair value of options granted in 2019 was $3,777,000 (2018: $3,471,000).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black Scholes Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

23. SHARE-BASED PAYMENTS (Continued)

DISA Employee Share Option Scheme (the "DISA ESOS") (Continued)

Fair value of share options and assumptions

2019

Date of grant of options	11 July 2018 $'000	6 August 2018 $'000	17 October 2018 $'000	11 January 2019 $'000
Fair value at measurement date	130	408	3,159	80
Share price	$0.0100	$0.0080	$0.0060	$0.0040
Exercise price	$0.0090	$0.0072	$0.0050	$0.0030
Expected volatility	407%	407%	407%	407%
Expected option life	6-9 years	5-8 years	6-9 years	6-9 years
Expected dividends	0%	0%	0%	0%
Risk-free interest rate	2.625%	2.645%	2.875%	2.875%

2018

Date of grant of options	3 July 2017 $'000	31 July 2017 $'000	1 November 2017 $'000	13 November 2017 $'000	28 November 2017 $'000
Fair value at measurement date	84	16	2,968	52	351
Share price	$0.0140	$0.0160	$0.0140	$0.0130	$0.0130
Exercise price	$0.0135	$0.0150	$0.0142	$0.0136	$0.0129
Expected volatility	434%	434%	434%	434%	434%
Expected option life	6-9 years	6-9 years	6-9 years	6-9 years	6-9 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate	2.09%	2.10%	2.28%	2.17%	2.09%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

DISA Performance Shares Scheme (the "DISA PS Scheme")

The DISA PS Scheme was approved by the members of the Company at an EGM held on 31 October 2008 and renewed on 26 October 2018 ("Date of Renewal").

The DISA PS Scheme differs from the existing DISA ESOS in that it allows the Company to target specific performance objectives and to provide an incentive for participants in the DISA PS Scheme ("Participants") to achieve these targets. The DISA ESOS, on the other hand, provides a more broad-based incentive that is based on the overall performance of the Company. The DISA PS Scheme is not intended to replace the existing DISA ESOS, but to complement it.

23. SHARE-BASED PAYMENTS (Continued)

DISA Performance Shares Scheme (the "DISA PS Scheme") (Continued)

The Company has the flexibility to either issue and deliver new shares of the Company, or purchase and deliver existing shares of the Company to Participants upon the vesting of the shares awarded.

Participants will receive fully paid shares of the Company, provided that certain prescribed performance targets are met within a prescribed period.

A Participant's award of shares under the DISA PS Scheme (the "Award") will be determined at the sole discretion of the DISA PS Scheme Committee, which will oversee and administer the DISA PS Scheme.

During and at the end of the financial year, no awards were granted under the DISA PS Scheme.

The principal terms of the DISA PS Scheme are:

Size and duration

- The aggregate number of Award shares to be delivered to the vesting of the Award on any date, when added to the number of shares issued and/or issuable under such other share-based incentive schemes (including the DISA ESOS) of the Company shall not exceed 15% of the issued shares of the Company on the day preceding that date.
- The aggregate number of Award shares available to eligible controlling shareholders and their associates under the DISA ESOS shall not exceed 25% of the shares available under this DISA PS Scheme. In addition, the number of Award shares available to each such controlling shareholder or his associate shall not exceed 10% of the shares available under this DISA PS Scheme.
- The DISA PS Scheme shall continue to be in force at the discretion of the DISA PS Scheme Committee, subject to a maximum period of 10 years commencing on the Date of Renewal (expiring on 26 October 2028) of the DISA PS Scheme, provided always that the DISA PS Scheme may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Participants of the DISA PS Scheme

In respect of the DISA PS Scheme, the following persons shall be eligible to participate:

- Employees of the Company and its subsidiaries who have been employed for a minimum of 1 year or such shorter period as the DISA PS Scheme Committee may determine and have attained the age of 21 years on or before the date of commencement of the DISA PS Scheme;
- Executive Directors of the Company and its subsidiaries; and
- Non-Executive Directors (including Independent Directors) of the Company and its subsidiaries.

24. RELATED PARTY INFORMATION

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties:

	Group and Company	
	2019	2018
	$'000	$'000
Transactions with a related party		
Rental expense - premises	**146**	109
Transactions with a director of the Company		
Rental expense - storage space	**22**	4

Related party refers to a company in which a director of the Company has controlling financial interest.

Key management personnel compensation

	Group	
	2019	2018
	$'000	$'000
Short-term employee benefits	**2,416**	2,791
Employer's contribution to Central Provident Fund	**100**	117
Share-based payments	**1,614**	1,595
	4,130	4,503
Comprise amounts paid to:		
Directors of the Company	**1,431**	1,568
Other key management personnel	**2,699**	2,935
	4,130	4,503

The key management personnel comprise directors of the Company and its subsidiaries, senior management of the Company such as Chief Financial Officer, General Managers and others, and their compensation is disclosed as above.

25. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Contingent liabilities

On 9 March 2017, the liquidator of M3 Electronics GmbH ("M3"), a former Germany-incorporated indirect subsidiary which filed for insolvency in 2015, commenced legal proceedings in the Regional Courts of Germany against the Company, to claim a sum of €1.5 million, plus interest thereon at 5% above the basis interest per annum from 11 January 2016 till date of payment, and costs of proceedings, as the liquidator alleged that the financial obligations of M3 was guaranted by the Company.

On 21 September 2019, the district court of Frankfurt had already dismissed the case. But the plaintiff has filed an appeal. The Count of Appeal in Frankfurt has not set up a date for court hearing yet.

25. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(i) Contingent liabilities (Continued)

The Group had been advised by its German legal counsel that the Group had no further financial obligation towards M3 and accordingly no provision for any liability had been made in these financial statements and M3 is no longer consolidated in the Group financials nor disclosed as a subsidiary in notes to the financial statements.

(ii) Non-cancellable operating lease commitments

The Group and Company as lessee

At the end of the reporting period, the Group and Company has commitments for future minimum lease payments under non-cancellable operating leases in respect of the leasehold buildings, warehouses and office equipment as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Future minimum lease payments payable				
Within 1 year	**578**	393	**179**	179
After 1 year but within 5 years	**1,063**	956	**506**	643
	1,641	1,349	685	822

The leases have its tenure from 1 year to 4 years, with an option to renew the lease for another 1 year to 5 years subject to certain conditions being met. Lease payments are increased upon renewal to reflect market rentals. There are no restrictions placed upon the Group by entering into these leases.

The Group as lessor

The Group sub-leases part of its leased office. These non-cancellable leases have remaining lease terms within 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

At the end of the reporting period, future minimum rental receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Within 1 year	**89**	76	**–**	–
After 1 year but within 5 years	**137**	190	**–**	–
	226	266	**–**	–

26. SEGMENT INFORMATION

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on their geographical locations and markets. For each of the strategic business units, the Group's Chief Executive Officer reviews the internal management reports on a monthly basis to make strategic decisions.

The accounting policies of the reportable segments are the same as described in Note 2.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss before income tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit or loss before income tax is used to measure performance as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

For the financial year ended 30 June 2019 and 2018, the Group comprises the following main reportable segments:

- Technology (Sale of Asset-Protection / Loss Prevention codes);
- Energy management services (consultancy services for energy audit);
- Supply of construction materials (which has remained inactive since financial year ended 30 June 2014) ; and
- Investment holding and others.

Analysis by business segment

	Reportable		Others		
2019	**Technology $'000**	**Investment holding and others $'000**	**Energy management services $'000**	**Supply of construction materials $'000**	**Total $'000**
External revenue for contracts with customers	441	–	67	–	508
Reportable segment (loss) / profit after income tax	(12,334)	(4,800)	12	214	(16,908)
					(16,908)
Other material non-cash items:					
- Interest expense	–	(569)	–	–	(569)
- Depreciation and amortisation	(1,532)	(116)	–	–	(1,648)
- Impairment loss on financial assets	–	(1)	–	(37)	(38)
- Impairment loss on intangible assets	(9,131)	–	–	–	(9,131)
- Net reversal of provison for legal liabilities	–	–	–	165	165
- Reversal of long outstanding payables and overstated accruals	–	–	–	141	141
Reportable segment assets	5,108	9,362	183	79	14,732
Capital expenditure:					
- Property, plant and equipment	–	(162)	–	–	(162)
Reportable segment liabilities	(237)	(814)	(18)	(1,530)	(2,599)

26. SEGMENT INFORMATION (Continued)

Analysis by business segment (Continued)

2018	Reportable		Others		
	Technology $'000	Investment holding and others $'000	Supply of construction materials $'000	Energy management services $'000	Total $'000
External revenue for contracts with customers	169	–	–	70	239
Reportable segment (loss) / profit after income tax	(7,988)	(3,661)	(43)	7	(11,685)
					(11,685)
Other material non-cash items:					
- Interest expense	–	(1,127)	–	–	(1,127)
- Depreciation and amortisation	(1,454)	(91)	–	–	(1,545)
- Impairment loss on financial assets	–	(5)	–	–	(5)
Reportable segment assets	19,267	25,505	1,024	273	46,069
Capital expenditure:					
- Property, plant and equipment	(538)	(137)	–	–	(675)
Reportable segment liabilities	(2,147)	(13,827)	(2,741)	(40)	(18,755)

26. SEGMENT INFORMATION (Continued)

Analysis by geographical segment

Revenue, total consolidated assets and total capital expenditure information based on the geographical location of customers and assets respectively are as follows:

	Total revenue		Non-current assets		Total capital expenditure	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**67**	70	**1,005**	11,614 (i)	**162**	663
China	**26**	92	**–**	–	**–**	–
Hong Kong	**119**	14	**–**	–	**–**	–
United States	**293**	62	**15**	23	**–**	12
Others	**3**	1	**–**	–	**–**	–
	508	239	**1,020**	11,637	**162**	675

(i) Inclusive of intangible asset of $10,535,000 based on the location of the subsidiary.

Information about major customers

Included in revenue of $508,000 (2018: $239,000) are revenue of approximately $222,000 (2018: $124,000) which arose from 2 (2018: 3) customers that contributed more than 10% of total revenue individually.

	Group	
	2019	2018
	$'000	$'000
Major customers		
Customer A (Segment: Energy management services)	**–**	46
Customer B (Segment: Technology)	**97**	52
Customer C (Segment: Technology)	**–**	26
Customer D (Segment: Technology)	**125**	–
	222	124

27. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, and equity price risk), liquidity risk and credit risk. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Board of Directors.

It is, has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risks exposure are measured using sensitivity analysis indicated below.

(i) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Foreign exchange risk

The Group transacts business in various foreign currencies, including, United States dollar ("USD"), Euro, Hong Kong dollar, Chinese Renminbi, Malaysian Ringgit and Indonesian Rupiah, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risks. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 2019	Singapore dollars $'000	United States dollars $'000	Malaysian ringgit $'000	Euro dollars $'000	Hong Kong dollars $'000	Chinese Renminbi $'000	Indonesian Rupiah $'000	Total $'000
Financial assets								
Trade and other receivables	8	89	–	–	–	–	–	97
Other current assets	309	128	–	–	19	–	–	456
Cash and bank balances	8,797	4,183	1	6	2	36	–	13,025
	9,114	4,400	1	6	21	36	–	13,578
Financial liabilities								
Borrowings	178	–	–	–	–	–	–	178
Trade and other payables	1,015	175	4	–	–	7	31	1,232
Accruals	486	20	–	–	–	12	–	518
	1,679	195	4	–	–	19	31	1,928
Net financial assets / (liabilities)	7,435	4,205	(3)	6	21	17	(31)	11,650
Less: Net financial asset denominated in the respective entities' functional currencies	(7,435)	(321)	–	–	–	(17)	–	(7,773)
Foreign currency exposure	–	3,884	(3)	6	21	–	(31)	3,877

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 2018	Singapore dollars $'000	United States dollars $'000	Malaysian ringgit $'000	Euro dollars $'000	Hong Kong dollars $'000	Chinese Renminbi $'000	Indonesian Rupiah $'000	Total $'000
Financial assets								
Available-for-sale	2,222	–	–	–	–	–	–	2,222
Trade and other receivables	384	225	–	–	–	–	–	609
Other current assets	274	621	–	–	20	1	–	916
Cash and bank balances	30,416	151	–	7	4	16	–	30,594
	33,296	997	–	7	24	17	–	34,341
Financial liabilities								
Borrowings	12,016	–	–	–	–	–	–	12,016
Trade and other payables	1,424	811	4	–	–	5	31	2,275
Accruals	1,770	50	–	–	–	18	–	1,838
	15,210	861	4	–	–	23	31	16,129
Net financial assets / (liabilities)	18,086	136	(4)	7	24	(6)	(31)	18,212
Less: Net financial asset denominated in the respective entities' functional currencies	(18,086)	(126)	–	–	(21)	18	–	(18,215)
Foreign currency exposure	–	10	(4)	7	3	12	(31)	(3)

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 2019	Singapore dollars $'000	United States dollars $'000	Euro dollars $'000	Total $'000
Financial assets				
Other current assets	123	20	–	143
Cash and bank balances	6,588	2,117	4	8,709
Amount due from a subsidiary	111	–	–	111
	6,822	2,137	4	8,963
Financial liabilities				
Trade and other payables	124	–	–	124
Accruals	375	–	–	375
Borrowings	178	–	–	178
	677	–	–	677
Net financial assets	6,145	2,137	4	8,286
Less: Net financial asset denominated in Company's functional currency	(6,145)	–	–	(6,145)
Foreign currency exposure	–	2,137	4	2,141
2018				
Financial assets				
Trade and other receivables	60	–	–	60
Other current assets	132	–	–	132
Cash and bank balances	22,621	–	4	22,625
Amount due from a subsidiary	24	–	–	24
Available for sale	2,222	–	–	2,222
	25,059	–	4	25,063
Financial liabilities				
Trade and other payables	114	–	–	114
Accruals	1,560	–	–	1,560
Borrowings	12,016	–	–	12,016
	13,690	–	–	13,690
Net financial assets	11,369	–	4	11,373
Less: Net financial asset denominated in Company's functional currency	(11,369)	–	–	(11,369)
Foreign currency exposure	–	–	4	4

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign currency sensitivity analysis

The table below demonstrates the sensitivity of the Group's and the Company's loss before income tax to a reasonably possible change in the USD against SGD, with all other variable held constant.

Group	Impact to profit or loss	
	Strengthened by 10% $'000	Weakened by 10% $'000
At 30 June 2019		
United States dollar	322	(322)
Malaysian ringgit	– *	– *
Euro dollars	– *	– *
Hong Kong dollars	2	(2)
Chinese Renminbi	– *	– *
Indonesian Rupiah	(3)	3
At 30 June 2018		
United States dollar	1	(1)
Malaysian ringgit	– *	– *
Euro dollars	1	(1)
Hong Kong dollars	– *	– *
Chinese Renminbi	1	(1)
Indonesian Rupiah	(3)	3

* denotes an amount less than $1,000

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group's interest rate risks relate to interest-bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group does not use derivatives to hedge its interest rate risk.

All interest bearing financial assets and financial liabilities, which comprise of fixed deposits (Note 16), finance lease and convertible bonds (Note 17) bear fixed interest rates.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk (Continued)

No sensitivity analysis is prepared as the Group and Company do not expect any material effect on the Group's or Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loan facilities.

The Group's operations are financed mainly through equity and borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the other financial liabilities were disclosed in Note 17 to these financial statements.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Group 2019	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial assets				
Trade and other receivables	97	–	–	97
Other assets (excluding prepayments)	456	120	–	576
Cash and bank balances	13,025	–	–	13,025
	13,578	120	–	13,698
Financial liabilities				
Borrowings	36	137	27	200
Trade and other payables and other liabilities	1,232	–	–	1,232
Accruals	518	–	–	518
	1,786	137	27	1,950
Total net undiscounted financial assets / (liabilities)	11,792	(17)	(27)	11,748

Group 2018	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial assets				
Available-for-sale	2,222	–	–	2,222
Trade and other receivables	609	–	–	609
Other assets (excluding prepayments)	916	120	–	1,036
Cash and bank balances	30,594	–	–	30,594
	34,341	120	–	34,461
Financial liabilities				
Borrowings	14,180	79	14	14,273
Trade and other payables and other liabilities	2,785	–	–	2,785
Accruals	1,838	–	–	1,838
	18,803	79	14	18,896
Total net undiscounted financial assets / (liabilities)	15,538	41	(14)	15,565

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Company 2019	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial assets				
Trade and other receivables	–	–	–	–
Other assets (excluding prepayments)	143	–	–	143
Cash and bank balances	8,709	–	–	8,709
	8,852	–	–	8,852
Financial liabilities				
Borrowings	36	137	27	200
Trade and other payables	124	–	–	124
Accruals	375	–	–	375
	535	137	27	699
Total net undiscounted financial assets / (liabilities)	8,317	(137)	(27)	8,153
Company 2018				
Financial assets				
Available-for-sale	2,222	–	–	2,222
Trade and other receivables	60	–	–	60
Other assets (excluding prepayments)	132	24	–	156
Cash and bank balances	22,625	–	–	22,625
	25,039	24	–	25,063
Financial liabilities				
Borrowings	14,180	79	14	14,273
Trade and other payables	114	–	–	114
Accruals	1,561	–	–	1,561
	15,855	79	14	15,948
Total net undiscounted financial assets / (liabilities)	9,184	(55)	(14)	9,115

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit listing. Cash and short term bank deposits are placed with reputable banks and financial institutions, which are regulated. The Group considers its cash and bank balances to have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and bank balances is negligible.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2019	2018
	$'000	$'000
By country		
Singapore	**97**	549
By business segment		
Supply of Construction Materials	**–**	324
Energy Management Services	**9**	195
Technology	**88**	30
	97	549

Expected Credit Losses

The Group manages credit loss based on Expected Credit Losses (ECL) model.

(A) Trade and other receivables and other current assets

The Group's exposure to credit risk from trade and other receivables and other current assets are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry brought about by the general economic condition.

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at life-time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument. The Group assess ECL for trade receivables using probability of default from external rating agency, where available, taking into account of the industry, geographical location, payment patterns and historical loss rates.

The Group applies general approach on all other financial instruments recognise a 12-month ECL on initial recognition. 12-months ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(A) Trade and other receivables and other current assets (Continued)

A summary of the Group's exposure to credit risk for trade and other receivables and other current assets are as follows:

	30 June 2019		
Group	Gross carrying amount $'000	Loss allowances $'000	Net carrying amount $'000
Trade receivables (Note 12)			
- Stage 1	97	–	97
- Stage 3	4,163	(4,163)	–
	4,260	(4,163)	97
Other receivables (Note 12)			
- Stage 3	1,063	(1,063)	–
Other current assets (Note 15)			
- Stage 1	456	–	456
- Stage 3	1,724	(1,724)	–
	2,180	(1,724)	456

Stage 1

The trade receivables mainly arise from customers that have a good record with the Group. Based on the historical loss rates of these customers, the Group believes that no impairment losses are necessary.

Other current assets in Stage 1 mainly represent refundable deposits which are considered recoverable, and the Group believes no impairments losses are necessary.

Stage 3

(a) Inclusive in the trade receivables and other receivables (gross amount) above is an amount of $1,480,000 and $954,000 respectively owing from KDH, for which arbitration award is registered but with no realistic prospect of recovery as disclosed in Note 13. Full impairment loss has been provided since financial year 2017.

(b) The remaining allowance made on trade and other receivables represents balance owed by counterparties for more than 5 years.

ECL allowance on other current assets is as disclosed in Note 15 (b) and (c), which also represents balance owed for more than 5 years.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(A) Trade and other receivables and other current assets (Continued)

A summary of the Group's exposure to credit risk for trade and other receivables and other current assets are as follows:

	30 June 2019		
Group	Gross carrying amount $'000	Loss allowances $'000	Net carrying amount $'000
Trade receivables (Note 12)			
- Stage 1	97	–	97
- Stage 3	4,163	(4,163)	–
	4,260	(4,163)	97
Other receivables (Note 12)			
- Stage 3	1,063	(1,063)	–
Other current assets (Note 15)			
- Stage 1	456	–	456
- Stage 3	1,724	(1,724)	–
	2,180	(1,724)	456

Stage 1

The trade receivables mainly arise from customers that have a good record with the Group. Based on the historical loss rates of these customers, the Group believes that no impairment losses are necessary.

Other current assets in Stage 1 mainly represent refundable deposits which are considered recoverable, and the Group believes no impairments losses are necessary.

Stage 3

(a) Inclusive in the trade receivables and other receivables (gross amount) above is an amount of $1,480,000 and $954,000 respectively owing from KDH, for which arbitration award is registered but with no realistic prospect of recovery as disclosed in Note 13. Full impairment loss has been provided since financial year 2017.

(b) The remaining allowance made on trade and other receivables represents balance owed by counterparties for more than 5 years.

ECL allowance on other current assets is as disclosed in Note 15 (b) and (c), which also represents balance owed for more than 5 years.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(A) Trade and other receivables and other current assets (Continued)

The movement of the life-time ECL on trade and other receivables and other current assets are as follows:

	Credit impaired			
	Trade receivables $'000	Other receivables $'000	Other current assets $'000	Total $'000
Balance at 30 June 2018				
- Per FRS 39	4,170	1,062	1,881	7,113
- Adoption of SFRS(I) 9	–	60	–	60
Balance at 1 July 2018	4,170	1,122	1,881	7,173
Impaired during the financial year	–	1	37	38
Write-off during the financial year	(7)	(60)	(191)	(258)
Exchange translation differences	–	–	(3)	(3)
Balance at 30 June 2019	4,163	1,063	1,724	6,950

(B) Cash and bank balances

Bank deposits are with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. ECL on cash and cash equivalents are immaterial.

(C) Amounts due from subsidiaries

A summary of the Company's exposure to credit risk for amounts due from subsidiaries are as follows:

Company	ECL stage	Gross carrying amount $'000	Loss allowances $'000	Net carrying amount $'000
Amount due from a subsidiary with sufficient liquid assets	Stage 1	111	–	111
Amounts due from subsidiaries without sufficient liquid assets	Stage 3	43,471	(43,471)	–
		43,582	(43,471)	111

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(C) Amounts due from subsidiaries (Continued)

The ECL for amounts due from subsidiaries are provided in full (Stage 3) when the subsidiaries have no active and on-going revenue generating activities and have insufficient liquid assets to repay the amounts in full on a on-demand basis.

The movement of the life-time ECL on amounts due from subsidiaries are as follows:

Company	**Total**
	$'000
Balance at 30 June 2018	
- Per FRS 39	43,576
- Adoption of SFRS(I) 9	–
Balance at 1 July 2018	43,576
Impaired during the financial year	52
Amount recovered during the financial year	(82)
Exchange translation differences	(75)
Balance at 30 June 2019	43,471

Credit risk information for Financial Year 2018 under FRS 39

The Group's credit risk exposure in relation to trade and other receivables under FRS 39 as at 30 June 2018 are set out as follows:

The age analysis of trade receivables is as follows:

	Group
	2018
	$'000
Not past due and not impaired	1
Past due but not impaired	
- Past due 0 to 30 days	12
- Past due 31 to 60 days	63
- Past due 61 to 90 days	19
- Past due over 91 days	2
	96
Impaired trade receivables	4,163
Less: Allowance for impairment loss	(4,163)
	97

27. FINANCIAL INSTRUMENTS (Continued)

Capital risk management policies and objectives

Capital is defined as share capital net of accumulated losses of the Group.

The Board's policy is to maintain a sound capital base to sustain the future development and expansion of the Group's business, so as to maintain investors, payables and market confidence.

The Board seeks to maintain a healthy level of borrowings with a view to optimise financial return to shareholder.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total borrowings divided by equity.

The Group's strategy is to maintain the debt to equity ratio under 1.0.

The debt to equity ratios at 30 June are as follows:

	Group	
	2019	2018
	$'000	$'000
Total borrowings	**178**	12,016
Equity	**12,133**	27,314
Debt to equity ratio	**0.01**	0.44

28. FAIR VALUE MEASUREMENTS

(i) Fair value of financial instruments by classes that are carried at fair value

The Group had no financial assets or liabilities carried at fair value in 2019, other than financial assets, at FVOCI (Note 14 (b)) which has a zero carrying amount.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amount of cash and bank balances, trade and other receivables and other assets are reasonable approximation of fair values due to the relativity short-term maturity of these financial instruments.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

As at reporting date, there are no financial instruments in this category.

29. COMPARATIVES

Prior year comparatives have been audited by another firm of certified public accountants.

30. PRIOR ADJUSTMENTS

As disclosed in Note 23, DISA ESOS Committee revised the vesting period for options granted after October 2017. In connection with this revision, the management reviewed the share option expenses calculations and discovered computational errors which resulted in an (overstatement) / understatement of employee benefits expenses in prior years as below:

	Group and Company $'000
Prior to 2017	(9)
2017	(530)
2018	1,108

Accordingly, prior year adjustments have been raised to correct the errors referred to in the preceding paragraph. The impact of the prior year adjustments on the various accounting captions of the Company and the Group are as follows:

Group	**30 June 2017, as previously reported** $'000	**Adjustments** $'000	**30 June 2017, as restated** $'000	**30 June 2018, as previously reported** $'000	**Adjustments** $'000	**30 June 2018, as restated** $'000
Statements of financial position:						
Equity						
Accumulated losses	(12,879)	539	(12,340)	(23,803)	(569)	(24,372)
Reserves	4,358	(539)	3,819	2,237	569	2,806
Consolidated statement of profit or loss and other comprehensive income:						
Employee benefits expenses	(3,545)	530	(3,015)	(5,330)	(1,108)	(6,438)
Loss for the financial year	(17,637)	530	(17,107)	(10,583)	(1,108)	(11,691)
Total comprehensive loss for the financial year	(17,662)	530	(17,132)	(10,550)	(1,108)	(11,658)
Loss per share (cents)	**(0.26)**	**0.01**	**(0.25)**	**(0.11)**	**(0.01)**	**(0.12)**
Consolidated statement of cash flows:						
Cash flow from operating activities						
Employee share-based payments expense	834	530	1,364	388	1,108	1,496
Company						
Statements of financial position:						
Equity						
Accumulated losses	(14,661)	539	(14,122)	(36,398)	(569)	(36,965)
Reserves	3,666	(539)	3,127	1,504	569	2,071

APPENDIX

15 October 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Appendix is circulated to Shareholders of DISA Limited (the "**Company**") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information relating to the Proposed Renewal of the Share Purchase Mandate (as defined herein) to be tabled at the Annual General Meeting to be held on 30 October 2019 at 2:30 p.m. at 438C Alexandra Road Roof Storey, Function Room, Alexandra Technopark ATP C (The Hub) Singapore 119976 (the "**2019 AGM**").

If you have sold or transferred all your ordinary shares in the capital of Company, you should immediately forward this Appendix together with the Annual Report and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Notice of AGM and a Proxy Form are enclosed with the Annual Report.

This Appendix has been reviewed by the Company's Sponsor, SAC Capital Private Limited. It 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 Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The details of 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, Tel: +65 6232 3210.

DISA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501110N)

APPENDIX TO SHAREHOLDERS
IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. DEFINITIONS

For the purposes of this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"2018 EGM"	:	The extraordinary general meeting of the Company held on 26 October 2018
"2019 AGM"	:	The AGM scheduled to be held on 30 October 2019
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"Act"	:	The Companies Act (Cap. 50) of Singapore, as may be amended, modified or supplemented from time to time
"AGM"	:	The Annual General Meeting of the Company
"Annual Report"	:	The annual report of the Company for the financial year ended 30 June 2019
"Appendix"	:	This Appendix to the Shareholders dated 15 October 2019 in relation to the proposed renewal of the Share Purchase Mandate
"Associate"	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more Or such other definition as the Catalist Rules may from time to time prescribe
"associated company"	:	A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group and over which the Company has control
"Board"	:	The board of Directors of the Company from time to time

"Catalist"	:	The Catalist Board of the SGX-ST
"Catalist Rules"	:	Section B: Rules of Catalist of the Listing Manual of SGX-ST, as amended, supplemented or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	DISA Limited
"Constitution"	:	The constitution of the Company, as may be amended or modified from time to time
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"Directors"	:	The directors of the Company (whether executive or non-executive) as at the date of this Appendix
"EPS"	:	Earnings per Share
"Group"	:	The Company and its subsidiaries, collectively
"Latest Practicable Date"	:	18 September 2019, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	An on-market purchase of Shares by the Company, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers or dealers appointed by the Company for the purpose
"Maximum Price"	:	Has the meaning ascribed to it in section 2.3(e) of this Appendix
"Notice of AGM"	:	The notice of AGM as set out in the Annual Report
"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	An off-market purchase of Shares by the Company, otherwise than on a stock exchange, in accordance with an equal access scheme as may consider fit, which scheme shall satisfy all the conditions prescribed in Section 76C of the Act and the Catalist Rules
"Proxy Form"	:	The proxy form as set out in the Annual Report

"Relevant Period"	:	The period commencing from the date on which the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate is passed in a general meeting and expiring on the earliest of (i) the date on which the next AGM is held or is required by law to be held, (ii) the date on which the Share Purchases are carried out to the full extent of the Share Purchase Mandate, or (iii) the date the Share Purchase Mandate is revoked or varied by the Company in a general meeting
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"SFA"	:	The Securities and Futures Act (Cap. 289) of Singapore, as may be amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors and whose Securities Accounts are credited with Shares
"Share(s)"	:	Ordinary share(s) in the capital of the Company
"Share Purchase"	:	The purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate
"Share Purchase Mandate"	:	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares within the Relevant Period, in accordance with the terms of that mandate, as well as the rules and regulations set forth in the Act and the Catalist Rules
"Substantial Shareholder"	:	A person who has an interest in not less than five per cent. (5%) of all the issued voting Shares
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time
"S$" or **"cents"**	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
"%" or **"per cent."**	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in section 81SF of the SFA or any statutory modification thereof, as the case may be.

The terms "**subsidiary**", "**subsidiary holdings**" and "**treasury shares**" shall have the meanings ascribed to them in the Act.

APPENDIX

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the one gender shall, where applicable, include the feminine and neuter genders. References to natural persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the Catalist Rules, the SFA or any statutory or regulatory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Act, the Catalist Rules, the SFA or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise stated.

DISA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501110N)

Board of Directors:

Toh Hock Ghim (Non-Executive Chairman and Independent Director)
Chng Weng Wah (Chief Executive Officer and Managing Director)
Lau Kay Heng (Independent Director)
Kan Ah Chye (Independent Director)
Lim Soon Hock (Non-Executive Non-Independent Director)
Loh Eu Tse Derek (Independent Director)

Registered Office:

438A Alexandra Road
#08-12 Alexandra Technopark
Block A Lobby 3
Singapore 119967

15 October 2019

To: The Shareholders of DISA Limited

Dear Sir/Madam,

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2 THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

We refer to the Notice of AGM dated 15 October 2019 accompanying the Annual Report convening the 2019 AGM to be held on 30 October 2019 and Resolution 8 set out in the Notice of AGM. The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Purchase Mandate.

At the 2018 EGM, the Shareholders approved, *inter alia*, the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the Shares. The Share Purchase Mandate will expire on the date of the forthcoming 2019 AGM, being 30 October 2019. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming 2019 AGM, to take effect until the conclusion of the next following AGM or such date as the next AGM is required by law to be held, unless prior thereto, the Share Purchase is carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in a general meeting.

The Company has not undertaken any purchase or acquisition of Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2018 EGM up to the Latest Practicable Date.

2.2 Rationale for the Share Purchase Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Group, the Directors strive to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share Purchase is one of the ways through which the return on equity of the Group can be enhanced.

(b) Share purchases or acquisitions are an efficient, expedient and cost-efficient way for the Company to return surplus cash which is in excess of the capital requirements and possible investment needs of the Group to the Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure, cash reserves and its dividend policy.

(c) Share repurchases or acquisitions also help buffer short-term share price volatility and offset the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

(d) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to any employees' share or share option schemes as may be implemented by the Company.

The Share Purchase Mandate would afford the Company the flexibility to undertake Share purchases or acquisitions at any time, up to the ten per cent. (10%) limit described in paragraph 2.3(a) below, and subject to market conditions, during the period when the Share Purchase Mandate is in force. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, enhance the EPS of the Company, and will only be made when the Directors believe that such purchase or acquisitions would benefit the Company and its Shareholders and in circumstances which would not have a material adverse effect on the financial position of the Company.

While the proposed renewal of the Share Purchase Mandate would authorise a purchase or acquisition of Shares by the Company up to the ten per cent. (10%) limit described in paragraph 2.3(a) below, Shareholders should note that the purchase or acquisition of Shares pursuant to the Share Purchase Mandate might not be carried out by the Company to the full ten per cent. (10%) limit as authorised.

2.3 Authority and Limits of the Share Purchase Mandate

The terms of the Share Purchase Mandate, if renewed at the 2019 AGM, are substantially the same as previously approved by Shareholders at the 2018 EGM. The authority for and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate are as follows:

(a) ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

In accordance with Rule 867 of the Catalist Rules, the total number of Shares that may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings), ascertained as at the date of the general meeting at which the Share Purchase Mandate is approved, ie. the date of the 2019 AGM, unless:

(i) the Company has, at any time during the Relevant Period reduced its share capital by a special resolution under 78C of the Act; or

(ii) the High Court of the Republic of Singapore has, at any time during the Relevant Period, made an order under Sections 78G and 78I of the Act approving the reduction of share capital of the Company,

in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be.

For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares or any subsidiary holdings will be disregarded for purposes of computing the ten per cent. (10%) limit.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date, comprising 10,038,683,403 Shares, and assuming that no further Shares are issued on or prior to the 2019 AGM, not more than 1,003,868,340 Shares (representing ten per cent. (10%) of the total number of issued Shares of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

(b) ***Duration of Authority***

Purchases or acquisitions of Shares may be made during the Relevant Period, at any time and from time to time, on and from the date of the 2019 AGM, at which the proposed renewal of the Share Purchase Mandate is approved, up to the earliest of:

(i) the date on which the next AGM is held or required by law to be held; or

(ii) the date on which the aggregate purchases or acquisition of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated as described in paragraph 2.3(a) above; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.

The Share Purchase Mandate may be renewed at each AGM or other general meetings of the Company.

(c) ***Solvency***

Purchases or acquisitions of Shares may only be made if the Company is solvent.

The Company is considered solvent if at the date of the payment referred to in Section 76F(1) of the Act:

(i) there is no ground on which the Company could be found to be unable to pay its debts;

(ii) if it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and

(iii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition become less than the value of its liabilities (including contingent liabilities).

(d) ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(i) Market Purchases, and/or

(ii) Off-Market Purchases.

For Off-Market Purchases, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Catalist Rules and the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:

(i) terms and conditions of the offer;

(ii) period and procedures for acceptances;

(iii) the reasons for the proposed Share purchase or acquisition;

(iv) the consequences, if any, of Share purchases or acquisitions by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the Share purchase or acquisition, if made, would have any effect on the listing of the Shares on Catalist;

(vi) details of any Share purchases or acquisitions made by the Company in the previous twelve (12) months (whether through Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased or acquired, the purchase or acquisition price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(e) ***Maximum Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid by the Company for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below) of the Shares, and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price (as defined below) of the Shares,

in either case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices (excluding any transaction that the SGX-ST requires to be excluded for this purpose) of a Share for the five (5) consecutive Market Days on which the Shares are transacted on Catalist, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (pursuant to an Off-Market Purchase), and deemed to be adjusted in accordance with the Catalist Rules for any corporate action which occurs after the relevant five-day period, and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares in accordance with the Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, and which are not held as treasury shares.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

2.5 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

(a) ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months or such further periods as ACRA may allow.

(b) ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury shares into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time, but subject always to the Take-over Code:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds

In purchasing Shares under the Share Purchase Mandate, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. Any purchase or acquisition of Shares must be made out of the Company's profits and/or capital as long as the Company is solvent, and the Company may use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance such purchase or acquisition. However, in considering the option of external financing, the Directors will also consider the financial position of the Group, particularly the prevailing gearing level of the Group.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity, working capital and overall financial position of the Company would be materially and adversely affected. The Share Purchases will only be effected after considering relevant factors such as working capital requirements, availability of financial resources, expansion and investment plans of the Group as a whole and prevailing market conditions.

2.7 Financial Effects

The financial effects on the Company and the Group arising from the purchase or acquisition of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company or the Group, the number of Shares purchased or acquired and the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Where the Company finances the purchase or acquisition of Shares through external borrowings, the gearing level of the Group will increase and the current ratio of the Group will decrease.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the Shares purchased or acquired by the Company are subsequently cancelled by the Company, the share capital of the Company will be correspondingly reduced. Where the Shares purchased or acquired by the Company are held as treasury shares, the total number of issued Shares would remain unchanged.

The illustrative financial effects on the Group, based on the audited financial statements of the Group for the financial year ended 30 June 2019, are based on the assumptions set out below:

(a) ***Share Purchase Mandate***

It has been assumed that the Share Purchase Mandate was effective as at the Latest Practicable Date.

(b) ***Number of Shares Acquired or Purchased***

Purely for illustrative purposes, on the basis of 10,038,683,403 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued, on or prior to the 2019 AGM, the purchase or acquisition by the Company of 1% of its issued Shares will result in the purchase or acquisition of 100,386,834 Shares.

(c) ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 1% of its issued Shares at the maximum price of S$0.0015 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 100,386,834 Shares is S$0.151 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 1% of its issued Shares at the maximum price of S$0.0015 for one (1) Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 100,386,834 Shares is S$0.151 million.

(d) ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7(b) and 2.7(c) above and the following:

(i) the purchase or acquisition of 100,386,834 Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and held in treasury;

(ii) the purchase or acquisition of 100,386,834 Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and held in treasury; and

(iii) the transaction costs incurred for the proposed purchase or acquisition were insignificant and have been ignored for the purpose of computing the financial effects,

the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and Company for the financial year ended 30 June 2019 are set out below:

Scenario 1

Market Purchases of 1% of issued Shares made entirely out of capital and held in treasury.

	Group		Company	
S$'000	**Before Share Purchase**	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
Share capital	58,680	58,680	58,680	58,680
Treasury shares	–	(151)	–	(151)
Non-distributable reserves	4,516	4,516	3,771	3,771
Accumulated losses	(41,404)	(41,404)	(53,792)	(53,792)
Shareholders' fund	21,792	21,641	8,659	8,508
Non-controlling interests	(9,659)	(9,659)	–	–
Total equity	12,133	11,982	8,659	8,508
Net tangible assets	12,133	11,982	8,659	8,508
Cash and bank balances	13,025	12,874	8,709	8,558
Current assets	13,712	13,561	8,884	8,733
Current liabilities	2,450	2,450	665	665
Total borrowings (1)	178	178	178	178
Net loss after tax attributable to shareholders	(16,962)	(16,962)	(16,767)	(16,767)
Number of Shares ('000)	10,038,683	9,938,297	10,038,683	9,938,297
Financial Ratios				
NTA per share (cents) (2)	0.12	0.12	0.09	0.09
Gearing (times) (3)	NIL	NIL	NIL	NIL
Current ratio (times) (4)	5.60	5.54	13.36	13.13
Loss per share (cents) (5)	(0.17)	(0.17)	(0.17)	(0.17)

Scenario 2

Off-Market Purchases of 1% of issued Shares made entirely out of capital and held in treasury.

S$'000	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Share capital	58,680	58,680	58,680	58,680
Treasury shares	–	(151)	–	(151)
Non-distributable reserves	4,516	4,516	3,771	3,771
Accumulated losses	(41,404)	(41,404)	(53,792)	(53,792)
Shareholders' fund	21,792	21,641	8,659	8,508
Non-controlling interests	(9,659)	(9,659)	–	–
Total equity	12,133	11,982	8,659	8,508
Net tangible assets	12,133	11,982	8,659	8,508
Cash and bank balances	13,025	12,874	8,709	8,558
Current assets	13,712	13,561	8,884	8,733
Current liabilities	2,450	2,450	665	665
Total borrowings (1)	178	178	178	178
Net loss after tax attributable to shareholders	(16,962)	(16,962)	(16,767)	(16,767)
Number of Shares ('000)	10,038,683	9,938,297	10,038,683	9,938,297
Financial Ratios				
NTA per share (cents) (2)	0.12	0.12	0.09	0.09
Gearing (times) (3)	NIL	NIL	NIL	NIL
Current ratio (times) (4)	5.60	5.54	13.36	13.13
Loss per share (cents) (5)	(0.17)	(0.17)	(0.17)	(0.17)

Notes:

(1) Total borrowings comprise liabilities arising from borrowings from banks and other financial institutions.

(2) Based on total equity including non-controlling interests.

(3) Gearing is computed based on the ratio of total borrowings after deducting cash and cash equivalents to Shareholders' funds.

(4) Current ratio is derived based on the ratio of current assets to current liabilities.

(5) Loss per share is derived based on net loss after tax attributable to shareholders over number of shares.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY (BASED ON THE ABOVEMENTIONED ASSUMPTIONS). Although the proposed renewal of the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury. Shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended 30 June 2019 and is not necessarily representative of future financial performance of the Group and the Company.

Further, the Directors would emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from Catalist. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications of Share Purchases by the Company, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Reporting Requirements under the Act

Within thirty (30) days of the passing of a Shareholders' resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA. Within thirty (30) days of a purchase or acquisition of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

2.10 Requirements under the Catalist Rules

The Company does not have any individual shareholding limit or foreign shareholding limit. Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. The term "**public**", as defined under the Catalist Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholder of the Company and its subsidiaries; and (ii) Associates of the persons in (i). As at the Latest Practicable Date, approximately 82.11% of the issued Shares are in the hands of the public. No Shares were held by the Company as treasury shares as at the Latest Practicable Date. Assuming the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the Share Purchase Mandate on the Latest Practicable Date, the percentage of the issued Shares held by public Shareholders as at that date would approximately be 80.12%.

The Company will not undertake purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate to the extent that (i) the number of Shares held by the public would fall below 10% of the total number of issued Shares, thereby affecting the listing status of the Shares on Catalist, (ii) such purchases or acquisitions would cause market illiquidity or adversely affect the orderly trading of the Shares.

2.11 Take-over Implications under the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.11.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert obtains or consolidates effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code, unless the conditions for exemption pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code are satisfied.

2.11.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

c) a company with any of its pension funds and employee share schemes;

d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

f) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

g) partners; and

h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.11.3 ***Effect of Rule 14 and Appendix 2 of the Take-over Code***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

2.11.4 ***Application of the Take-over Code***

The number of Shares held by the Directors and Substantial Shareholders are set out in paragraph 4 below. In the event the Company purchases the maximum number of Shares permissible under the Share Purchase Mandate, the shareholdings and voting rights of:

(a) each of the Directors and their concert parties (as defined in the Take-over Code) remain below 30%; and

(b) the Substantial Shareholders and their concert parties (as defined in the Take-over Code) remain below 30%,

and accordingly, no mandatory take-over offer is required to be made pursuant to the Take-over Code.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory take-over offer for the Company in the event that the Company purchases or acquires the maximum number of Shares under the Share Purchase Mandate.

2.12 Announcement Requirements

The Catalist Rules specify that a listed company shall announce all purchases or acquisitions of its shares not later than 9:00 am (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer made by the Company. Such announcement (which must be in the form of Appendix 8D to the Catalist Rules) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

2.13 No Purchases during Price Sensitive Developments

While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times. However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full-year results and the period of two (2) weeks before the announcement of each of the first three quarters of its financial year.

2.14 Shares Purchased by the Company

The Company has not undertaken any purchase or acquisition of Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2018 EGM up to the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The shareholding interests of the Directors and the Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Options or awards granted by the Company	Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)		No. of Shares	%(1)
Directors							
Toh Hock Ghim	–	–	–	–	10,000,000	–	–
Chng Weng Wah	590,970,850	5.89	463,050,000(2)	4.61	–	1,054,020,850	10.50
Kan Ah Chye	2,500,000	0.02	–	–	2,500,000	2,500,000	0.02
Lau Kay Heng	–	–	–	–	5,000,000	–	–
Lim Soon Hock	–	–	–	–	2,500,000	–	–
Loh Eu Tse Derek	–	–	–	–	2,500,000	–	–
Substantial Shareholder (other than Directors)							
Tang Wee Loke	640,212,900	6.38	57,000,000(3)	0.57	–	697,212,900	6.95

Notes:

(1) Based on 10,038,683,403 issued Shares as at the Latest Practicable Date.

(2) Mr. Chng Weng Wah is deemed interested in 463,050,000 Shares held in the custodian account with Citibank Nominees Singapore Pte. Ltd., pursuant to section 7 of the Act.

(3) Mr. Tang Wee Loke is deemed interested in 55,000,000 Shares held by his spouse and 2,000,000 Shares held by his children, pursuant to section 7 of the Act, by virtue of the shareholdings of his spouse and children.

Save for their respective shareholding interests in the Company, none of the Directors and to the best of the Directors' knowledge, none of the Substantial Shareholders has any direct or indirect interest in the proposed renewal of the Share Purchase Mandate.

4. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the rationale and benefit of the proposed renewal of the Share Purchase Mandate, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate would be beneficial to, and is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate, as set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 438A Alexandra Road #08-12 Alexandra Technopark Block A Lobby 3 Singapore 119967 during normal business hours from the date of this Appendix up to the date of the 2019 AGM:

(a) the Constitution; and

(b) the Annual Report of the Company.

Yours faithfully,
For and on behalf of the Board of Directors of **DISA Limited**

Chng Weng Wah
Managing Director

STATISTICS OF SHAREHOLDINGS

Aa At 18 September 2019

Number of Shares	:	10,038,683,403
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Share
Number of Treasury Shares	:	Nil
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS AS AT 18 SEPTEMBER 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Shares
1 – 99	36	0.42	945	0.00
100 – 1,000	350	4.07	306,232	0.00
1,001 – 10,000	2,682	31.18	16,452,141	0.17
10,001 – 1,000,000	4,977	57.87	843,448,985	8.40
1,000,001 and above	556	6.46	9,178,475,100	91.43
Total	**8,601**	**100.00**	**10,038,683,403**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 18 SEPTEMBER 2019

No.	Name of Shareholders	No. of Shares	% of Shares
1	MAYBANK KIM ENG SECURITIES PTE. LTD.	980,283,266	9.77
2	TANG WEE LOKE	640,212,900	6.38
3	CITIBANK NOMINEES SINGAPORE PTE LTD	633,093,300	6.31
4	CHNG WENG WAH	590,970,850	5.89
5	RAFFLES NOMINEES (PTE.) LIMITED	475,607,850	4.74
6	OCBC SECURITIES PRIVATE LIMITED	252,099,950	2.51
7	DBS NOMINEES (PRIVATE) LIMITED	223,642,759	2.23
8	TAN HUI SONG	220,000,146	2.19
9	CHANG FOO HWA	180,076,200	1.79
10	TAN ENG CHUA EDWIN	141,248,500	1.41
11	CHEW CHING IDA MRS IDA LEONG	140,000,000	1.39
12	ANDREW CHAN SZE TIAK	139,639,000	1.39
13	TEO POH HUA AGNES	120,000,000	1.20
14	TAN KOH YOUNG	118,500,000	1.18
15	LIEW CHEE KONG	116,772,600	1.16
16	CHUA TECK HENG	116,120,000	1.16
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	115,852,350	1.15
18	DBSN SERVICES PTE. LTD.	107,953,400	1.08
19	UOB KAY HIAN PRIVATE LIMITED	105,746,000	1.05
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	99,701,000	0.99
	Total	**5,517,520,071**	**54.97**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total No. of Shares	%
Chng Weng Wah	590,970,850	5.89	463,050,000[(1)]	4.61	1,054,020,850	10.50
Tang Wee Loke	640,212,900	6.38	57,000,000[(2)]	0.57	697,212,900	6.95

(1) Mr. Chng Weng Wah is deemed interested in 463,050,000 shares held in the custodian account with Citibank Nominees Singapore Pte. Ltd pursuant to Section 7 of the Companies Act, Chapter 50 (the "Companies Act").

(2) Mr. Tang Wee Loke is deemed interested in 55,000,000 shares held by his spouse and 2,000,000 shares held by his children pursuant to Section 7 of the Companies Act, by virtual of the shareholdings of his spouse and children.

Based on the information available to the Company as at 18 September 2019, approximately 82.11% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF FORTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of DISA Limited (the "**Company**") will be held at 438C Alexandra Road Roof Storey, Function Room, Alexandra Technopark ATP C (The Hub) Singapore 119976 on Wednesday, 30 October 2019 at 2:30 p.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2019.

   (Resolution 1)

2. To approve Directors' fees of S$252,500 for the financial year ended 30 June 2019. (2018: S$332,500)

   (Resolution 2)

3. To re-elect Mr. Chng Weng Wah ("**Mr. Chng**") who is retiring pursuant to Regulation 92 of the Company's Constitution and who, being eligible, offers himself for re-election.

   Mr. Chng will, upon re-appointment as a Director of the Company, remain as Managing Director and Chief Executive Officer of the Company, and will be considered non-independent.

   [See Explanatory Note (a)] **(Resolution 3)**

4. To re-elect Mr. Lau Kay Heng ("**Mr. Lau**") who is retiring pursuant to Regulation 92 of the Company's Constitution and who, being eligible, offers himself for re-election.

   Mr. Lau will, upon re-appointment as Director of the Company, remain as Chairman of the Audit and Risks Management Committee and a member of the Remuneration Committee and the Nominating Committee of the Company. He is considered independent for the purpose of Rule 704(7) of the Listing Manual - Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**").

   [See Explanatory Note (b)] **(Resolution 4)**

5. To re-appoint Messrs Crowe Horwath First Trust LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 5)

6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

   (A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustment to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit;

(B) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Ordinary Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution), does not exceed 100% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of the total issued Shares shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this Ordinary Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of passing of this Ordinary Resolution, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Company's Constitution for the time being; and

(d) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Ordinary Resolution shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held, whichever is the earlier; or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (c)] **(Resolution 6)**

8. **Authority to issue shares under the DISA Employee Share Option Scheme 2010 (the "DISA ESOS 2010") and DISA Performance Shares Scheme (the "DISA PS Scheme")**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to offer and grant share options and share awards in accordance with the provisions of the DISA ESOS 2010 and DISA PS Scheme and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the DISA ESOS 2010, and the vesting of share awards under the DISA PS Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the DISA ESOS 2010 and DISA PS Scheme and any other share schemes implemented or to be implemented by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in a general meeting, continue to in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held, whichever is earlier.

[See Explanatory Note (d)] **(Resolution 7)**

9. **The Proposed Renewal of the Share Purchase Mandate:**

THAT

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (whether by way of market purchases or off-market purchases on an equal access scheme) of up to a maximum of 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Ordinary Resolution at any price which the Directors may determine at their discretion, up to but not exceeding the Maximum Price (defined below), and such purchases and acquisitions of the Shares may be effected by way of:

   (i) an on-market share acquisition ("**Market Purchase**") transacted on the SGX-ST through the ready market trading system, through one or more duly licensed stockbrokers or dealers appointed by the Company for such purpose; and/or

   (ii) an off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) available to all shareholders, as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws and regulations and rules of the SGX-ST; ("**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate, unless revoked or varied by the Company in a general meeting, may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

   (i) the date on which the next annual general meeting of the Company is held;

   (ii) the date by which the next annual general meeting of the Company is required by law to be held; and

   (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Ordinary Resolution, the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors for the purposes to effect the purchase or acquisition of Shares. The purchase price to be paid for the Shares pursuant to the Share Purchase Mandate (both Market Purchases and Off-Market Purchases), excluding related expenses of the purchase or acquisition must not exceed ("**Maximum Price**", in each case below):

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the 5 Market Days (as defined in the Letter to Shareholders dated 15 October 2019) on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (pursuant to an Off-Market Purchase), and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs after the relevant 5-day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and each of them be authorised, empowered to complete and do and execute all such things and acts as they or he may think necessary or expedient to give effect to this Ordinary Resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

[See Explanatory Note (e)] **(Resolution 8)**

By Order of the Board
Chng Weng Wah
Managing Director and Chief Executive Officer

15 October 2019

Explanatory Notes:

(a) Detailed information on Mr. Chng Weng Wah can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election" of the Company's Annual Report 2019.

(b) Detailed information on Mr. Lau Kay Heng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election" of the Company's Annual Report 2019.

(c) The Ordinary Resolution 6 above, if passed, will empower the Directors from the date of passing of the Ordinary Resolution 6 until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares in the capital of the Company and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to a number not exceeding 100% of the issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time the Ordinary Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time the Ordinary Resolution 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

(d) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of passing of the Ordinary Resolution 7 until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to grant share options under the DISA ESOS 2010 which was approved at the Extraordinary General Meeting of the Company held on 28 October 2010 and grant of share awards under the DISA PS Scheme which was renewed at the Extraordinary General Meeting of the Company held on 26 October 2018, and to allot and issue shares upon the exercise of such share options granted in accordance with the DISA ESOS 2010 and the vesting of shares awards under the DISA PS Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(e) The Ordinary Resolution 8 above, will authorise the Directors of the Company, from the date this Ordinary Resolution 8 is passed until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held or when varied or revoked by the Company in a general meeting, whichever is earlier, to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of the Ordinary Resolution 8. Details the proposed renewal of the Share Purchase Mandate are set out in the Appendix accompanying this annual report.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the annual general meeting ("**Meeting**") of the Company.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on his behalf.

4. The instrument appointing a proxy or proxies must be deposited at registered office of the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 not less than seventy-two (72) hours before the time appointed for holding the Meeting of the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

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, Tel: +65 6232 3210.

DISA LIMITED

(Company Registration No. 197501110N)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "**relevant intermediary**").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this form)

I/We* ______________________________ (Name) ______________ (NRIC/Passport No.*)

of ____ (Address)

being a Member/Members* of DISA Limited ("**Company**"), hereby appoint:

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

and/or*

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/ proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company, to be held at 438C Alexandra Road Roof Storey, Function Room, Alexandra Technopark ATP C (The Hub) Singapore 119976 on Wednesday, 30 October 2019 at 2:30 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the Meeting and at any adjournment thereof.

Resolution No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	Receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2019.		
2.	Approval of Directors' fees of S$252,500 for the financial year ended 30 June 2019 (2018: S$332,500).		
3.	Re-election of Mr. Chng Weng Wah as Director of the Company.		
4.	Re-election of Mr. Lau Kay Heng as Director of the Company.		
5.	To re-appoint Messrs Crowe Horwath First Trust LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
6.	Authority to allot and issue shares.		
7.	Authority to issue shares under the DISA Employee Share Option Scheme 2010 and DISA Performance Shares Scheme.		
8.	Proposed renewal of the Share Purchase Mandate.		

Note: If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" for each resolution.

Dated this __________ day of ________________________ 2019

Total number of Shares Held

____

Signature of Member(s) and/or Common Seal of Corporate Member

** Delete accordingly*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary) appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at registered office of the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 not less than seventy-two (72) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 October 2019.

DISA LIMITED

ANNUAL REPORT 2019

DISA LIMITED

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