



DISA Limited ("Company" and together with its subsidiaries, the "Group")
(Company Registration No. 197501110N)

Unaudited Financial Statements for the financial period ended 31 March 2020

In view of the disclaimer of opinion on the audited financial statements for the financial year ended 30 June 2019 by the Company's previous independent auditor, Crowe Horwath First Trust LLP, the quarterly financial results announcement is mandatory, pursuant to the SGX's requirements, as required under Rule 705(2C) of the Catalist Rules.

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

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

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement

	3rd Qtr ended <u>31 Mar 2020</u> \$'000	3rd Qtr ended <u>31 Mar 2019</u> \$'000	Increase/ <u>(Decrease)</u> %	9 months ended <u>31 Mar 2020</u> \$'000	9 months ended <u>31 Mar 2019</u> \$'000	Increase/ <u>(Decrease)</u> %
Revenue						
Sales of goods and services	1,259	62	N.M.	3,610	323	N.M.
Other income	166	170	(2.4)	390	398	(2.0)
Total revenue	<u>1,425</u>	<u>232</u>	N.M.	<u>4,000</u>	<u>721</u>	N.M.
Cost and expenses						
Cost of goods and services rendered	(1,165)	(14)	N.M.	(3,149)	(59)	N.M.
Depreciation and amortisation expenses	(205)	(410)	(50.0)	(615)	(1,231)	(50.0)
Employee benefits expenses	(947)	(1,585)	(40.3)	(3,152)	(4,133)	(23.7)
Legal and professional expenses	(60)	(82)	(26.8)	(174)	(212)	(17.9)
Loss on disposal of a subsidiary	-	-	N.M.	(7,516)	-	N.M.
Operating lease expenses	-	(123)	N.M.	-	(398)	N.M.
Other expenses	(165)	(300)	(45.0)	(718)	(903)	(20.5)
Total cost and expenses	<u>(2,542)</u>	<u>(2,514)</u>	1.1	<u>(15,324)</u>	<u>(6,936)</u>	N.M.
Loss before interest and tax	(1,117)	(2,282)	(51.1)	(11,324)	(6,215)	82.2
Finance costs	(21)	(1)	N.M.	(65)	(567)	(88.5)
Loss before tax	<u>(1,138)</u>	<u>(2,283)</u>	(50.2)	<u>(11,389)</u>	<u>(6,782)</u>	67.9
Income tax credit	-	59	N.M.	-	178	N.M.
Loss for the financial period	<u>(1,138)</u>	<u>(2,224)</u>	(48.8)	<u>(11,389)</u>	<u>(6,604)</u>	72.5
Attributable to:						
Owners of the Company	(1,133)	(2,253)	(49.7)	(11,460)	(6,632)	72.8
Non-controlling interests	(5)	29	N.M.	71	28	N.M.
	<u>(1,138)</u>	<u>(2,224)</u>	(48.8)	<u>(11,389)</u>	<u>(6,604)</u>	72.5

N.M. - not meaningful



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Statement of Comprehensive Income

	Note	3rd Qtr ended 31 Mar 2020 \$'000	3rd Qtr ended 31 Mar 2019 \$'000	Increase/ (Decrease) %	9 months ended 31 Mar 2020 \$'000	9 months ended 31 Mar 2019 \$'000	Increase/ (Decrease) %
Loss for the financial period	(1)	(1,138)	(2,224)	(48.8)	(11,389)	(6,604)	72.5
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences from consolidation of foreign subsidiaries		13	3	N.M.	(1)	2	N.M.
Other comprehensive income/(loss) for the financial period		13	3	N.M.	(1)	2	N.M.
Total comprehensive loss for the financial period		<u>(1,125)</u>	<u>(2,221)</u>	(49.3)	<u>(11,390)</u>	<u>(6,602)</u>	72.5
Attributable to:							
Owners of the Company		(1,123)	(2,250)	(50.1)	(11,461)	(6,630)	72.9
Non-controlling interests		(2)	29	N.M.	71	28	N.M.
		<u>(1,125)</u>	<u>(2,221)</u>	(49.3)	<u>(11,390)</u>	<u>(6,602)</u>	72.5

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

	3rd Qtr ended 31 Mar 2020 \$'000	3rd Qtr ended 31 Mar 2019 \$'000	9 months ended 31 Mar 2020 \$'000	9 months ended 31 Mar 2019 \$'000
Interest expenses	21	1	65	567
Interest income	(16)	(51)	(114)	(199)
Depreciation and amortisation expenses	205	410	615	1,231
Employee share-based payment expense	44	402	447	530
Loss on disposal of a subsidiary	-	-	7,516	-
Disclaim of trade payable - net	-	(81)	-	(81)
Foreign exchange (gain)/ loss, net	(193)	5	(205)	9

Notes:

(1) Loss for 9M FY2020, excluding loss on disposal of subsidiary of \$7,516,000 was \$3,873,000, an improvement of 41.4% as compared to 9M FY2019.

N.M. - not meaningful



DISA Limited ("Company" and together with its subsidiaries, the "Group")
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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	As at 31 Mar 2020 \$'000	As at 30 Jun 2019 \$'000	As at 31 Mar 2020 \$'000	As at 30 Jun 2019 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	617	900	269	478
Right-of-use assets	913	-	523	-
Intangible assets	438	-	-	-
Subsidiaries	-	-	2,000	-
Other non-current assets	120	120	171	111
Financial assets, at FVOCI (equity)*	150	-	-	-
	<u>2,238</u>	<u>1,020</u>	<u>2,963</u>	<u>589</u>
Current assets				
Trade and other receivables	1,456	97	-	-
Inventories	1,314	-	-	-
Other current assets	232	590	108	175
Cash and bank balances	7,135	13,025	4,724	8,709
	<u>10,137</u>	<u>13,712</u>	<u>4,832</u>	<u>8,884</u>
TOTAL ASSETS	<u>12,375</u>	<u>14,732</u>	<u>7,795</u>	<u>9,473</u>
LIABILITIES				
Current liabilities				
Trade and other payables	696	1,232	56	124
Accruals	540	655	412	512
Borrowings	30	29	30	29
Lease liabilities	430	-	150	-
Provisions and other liabilities	-	534	-	-
	<u>1,696</u>	<u>2,450</u>	<u>648</u>	<u>665</u>
Non-current liabilities				
Borrowings	126	149	126	149
Lease liabilities	429	-	307	-
	<u>555</u>	<u>149</u>	<u>433</u>	<u>149</u>
TOTAL LIABILITIES	<u>2,251</u>	<u>2,599</u>	<u>1,081</u>	<u>814</u>
NET ASSETS	<u>10,124</u>	<u>12,133</u>	<u>6,714</u>	<u>8,659</u>
EQUITY				
Share capital	58,680	58,680	58,680	58,680
Reserves	4,227	4,516	4,218	3,771
Accumulated losses	(52,864)	(41,404)	(56,184)	(53,792)
Equity attributable to owners of the Company	<u>10,043</u>	<u>21,792</u>	<u>6,714</u>	<u>8,659</u>
Non-controlling interests	81	(9,659)	-	-
TOTAL EQUITY	<u>10,124</u>	<u>12,133</u>	<u>6,714</u>	<u>8,659</u>

Note

* FVOCI - Fair Value through Other Comprehensive Income



DISA Limited ("Company" and together with its subsidiaries, the "Group")
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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

31 March 2020 (\$'000)		30 June 2019 (\$'000)	
Secured	Unsecured	Secured	Unsecured
30	-	29	-

Amount repayable after one year

31 March 2020 (\$'000)		30 June 2019 (\$'000)	
Secured	Unsecured	Secured	Unsecured
126	-	149	-

Details of collateral

As at 31 March 2020, total borrowings included secured liabilities of \$156,000 (30 June 2019: \$178,000) for the Group. The secured liabilities are secured by the rights to motor vehicles.



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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

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

	3rd Qtr ended 31 Mar 2020 \$'000	3rd Qtr ended 31 Mar 2019 \$'000	9 months ended 31 Mar 2020 \$'000	9 months ended 31 Mar 2019 \$'000
Cash flows from operating activities				
Loss before tax	(1,138)	(2,283)	(11,389)	(6,782)
Adjustments:				
- Interest expenses	21	1	65	567
- Interest income	(16)	(51)	(114)	(199)
- Amortisation of intangible assets	40	351	76	1,053
- Depreciation of property, plant and equipment	165	59	539	177
- Employee share-based payments expense	44	402	447	530
- Loss on liquidation of a subsidiary	-	-	1	-
- Loss on disposal of a subsidiary	-	-	7,516	-
- Disclaim of trade payable - net	-	(81)	-	(81)
- Exchange differences	120	16	74	15
Operating loss before working capital changes	(764)	(1,586)	(2,785)	(4,720)
- Trade and other receivables	(329)	54	(1,359)	159
- Inventories	(54)	-	(1,314)	-
- Other current assets	810	(222)	132	(127)
- Trade and other payables	(586)	41	328	(236)
Cash used in operations	(923)	(1,713)	(4,998)	(4,924)
Income tax paid	-	-	-	-
Net cash used in operating activities	(923)	(1,713)	(4,998)	(4,924)
Cash flows from investing activities				
Interest received	16	51	114	199
Purchase of property, plant and equipment	-	(64)	-	(64)
Additions to intangible assets	(134)	-	(514)	-
Investment in financial assets, at FVOCI (equity)	-	(150)	-	(150)
Proceeds from redemption of financial assets, at FVPL*	-	-	-	2,222
Proceeds from disposal of property, plant and equipment	-	-	1	-
Net cash (used in)/from investing activities	(118)	(163)	(399)	2,207
Cash flows from financing activities				
Interest paid	(21)	(23)	(65)	(1,653)
Release/(Additional) pledged fixed deposits - net	750	-	(2,250)	-
Payment of lease liabilities	(111)	(5)	(333)	(13)
Repayment of convertible bonds	-	-	-	(12,000)
Net cash generated from/(used in) financing activities	618	(28)	(2,648)	(13,666)
Net decrease in cash and cash equivalents	(423)	(1,904)	(8,045)	(16,383)
Cash and cash equivalents at beginning of the financial period	5,365	16,065	12,975	30,544
Effects of exchange rate changes on cash and cash equivalents	(107)	(13)	(95)	(13)
Cash and cash equivalents at end of the financial period (Note A)	4,835	14,148	4,835	14,148

* FVPL - Fair Value through Profit or Loss



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1(c)(ii) Notes to Consolidated Statement of Cash Flows

Note A:

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	9 months ended 31 Mar 2020 \$'000	9 months ended 31 Mar 2019 \$'000
Cash at banks and on hand	3,465	1,736
Short-term bank deposits	3,670	12,463
Cash and bank balances per Group statement of financial position	7,135	14,198
Less: Deposits placed with banks as security	(2,300)	(50)
Cash and cash equivalents as presented in consolidated statement of cash flows	4,835	14,148

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group

	Share capital \$'000	Equity component of convertible bonds \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
FY 2020									
Balance as at 1 July 2019	58,680	-	9	3,530	977	(41,404)	21,792	(9,659)	12,133
Loss for the financial period	-	-	-	-	-	(11,460)	(11,460)	71	(11,389)
Other comprehensive income									
- Foreign currency translation differences from foreign subsidiaries	-	-	(1)	-	-	-	(1)	-	(1)
Other comprehensive loss for the financial period	-	-	(1)	-	-	-	(1)	-	(1)
Total comprehensive loss for the financial period	-	-	(1)	-	-	(11,460)	(11,461)	71	(11,390)
Transactions with owners, recorded directly in equity									
Employee share-based payment expenses	-	-	-	447	-	-	447	-	447
Total transactions with owners, recorded directly in equity	-	-	-	447	-	-	447	-	447
Changes in ownership interests in subsidiaries									
Disposal of a subsidiary	-	-	-	-	(735)	-	(735)	9,686	8,951
Liquidation of a subsidiary	-	-	-	-	-	-	-	(17)	(17)
Total transactions with owners, recorded directly in equity	-	-	-	-	(735)	-	(735)	9,669	8,934
Balance as at 31 March 2020	58,680	-	8	3,977	242	(52,864)	10,043	81	10,124



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Group

	Share capital \$'000	Equity component of convertible bonds \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
FY 2019									
Balance as at 1 July 2018	58,680	82	9	1,830	895	(24,442)	37,054	(9,800)	27,254
Loss for the financial period	-	-	-	-	-	(6,632)	(6,632)	28	(6,604)
<u>Other comprehensive income</u>									
- Foreign currency translation differences from foreign subsidiaries	-	-	2	-	-	-	2	-	2
Other comprehensive loss for the financial period	-	-	2	-	-	-	2	-	2
Total comprehensive loss for the financial period	-	-	2	-	-	(6,632)	(6,630)	28	(6,602)
<u>Transactions with owners, recorded directly in equity</u>									
Employee share-based payment expenses	-	-	-	530	-	-	530	-	530
Transfer on redemption of convertible bonds	-	(82)	-	-	82	-	-	-	-
Total transactions with owners, recorded directly in equity	-	(82)	-	530	82	-	530	-	530
Balance as at 31 March 2019	58,680	-	11	2,360	977	(31,074)	30,954	(9,772)	21,182

Company

	Share capital \$'000	Equity component of convertible bonds \$'000	Share option reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
FY 2020						
Balance as at 1 July 2019	58,680	-	3,530	241	(53,792)	8,659
Loss for the financial period	-	-	-	-	(2,392)	(2,392)
Total comprehensive loss for the financial period	-	-	-	-	(2,392)	(2,392)
<u>Transactions with owners, recorded directly in equity</u>						
Employee share-based payment expenses	-	-	447	-	-	447
Total transactions with owners, recorded directly in equity	-	-	447	-	-	447
Balance as at 31 March 2020	58,680	-	3,977	241	(56,184)	6,714
FY 2019						
Balance as at 1 July 2018	58,680	82	1,830	159	(37,025)	23,726
Loss for the financial period	-	-	-	-	(2,919)	(2,919)
Total comprehensive loss for the financial period	-	-	-	-	(2,919)	(2,919)
<u>Transactions with owners, recorded directly in equity</u>						
Employee share-based payment expenses	-	-	530	-	-	530
Transfer on redemption of convertible bonds	-	(82)	-	82	-	-
Total transactions with owners, recorded directly in equity	-	(82)	530	82	-	530
Balance as at 31 March 2019	58,680	-	2,360	241	(39,944)	21,337



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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A) Changes in share capital during the financial period

There were no changes to the Company's issued and paid up share capital during the three months ended 31 March 2020.

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

As at beginning of the period
Add: Share options granted
Less: Share options forfeited
As at end of the period

<u>3Q FY2020</u>	<u>3Q FY2019</u>
1,416,000,000	755,500,000
-	20,000,000
(64,000,000)	-
<u>1,352,000,000</u>	<u>775,500,000</u>

Saved as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2020 and 31 March 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of ordinary issued shares excluding treasury shares of the Company

<u>31 Mar 2020</u>	<u>30 Jun 2019</u>
<u>10,038,683,403</u>	<u>10,038,683,403</u>

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares as at 31 March 2020 and 31 March 2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company does not have any subsidiary holdings as at 31 March 2020 and 31 March 2019.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have not been audited or reviewed by our auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial year compared with the audited financial statements for the financial year ended 30 June 2019.



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5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted SFRS(I) 16 Leases on 1 July 2019 (being the start of the annual financial period for the Company) using simplified transition approach and did not restate comparative amounts for the financial year ended 30 June 2019 as permitted under the specific transition provisions in the standard.

As at 1 July 2019, the adoption of SFRS(I) 16 has resulted in the following key effects:

	Group	Company
	S\$'000	S\$'000
Assets		
Property, plant and equipment	(103)	(103)
Right-of-use assets	1,273	663
Liabilities		
Lease liabilities	1,170	560

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per ordinary share (cents per share)

- (i) Based on weighted average number of ordinary shares in issue
(ii) On a fully diluted basis
- Weighted average number of ordinary shares in issue
- Adjusted weighted average number of ordinary shares in issue for diluted earnings per share

Group		Group	
3rd Qtr ended 31 Mar 2020	3rd Qtr ended 31 Mar 2019	9 months ended 31 Mar 2020	9 months ended 31 Mar 2019
(0.01)	(0.02)	(0.11)	(0.07)
(0.01)	(0.02)	(0.11)	(0.07)
10,038,683,403	10,038,683,403	10,038,683,403	10,038,683,403
10,038,683,403	10,038,683,403	10,038,683,403	10,038,683,403

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and (b) immediately preceding financial year.

Net asset value per ordinary share (cents per share)

Group		Company	
As at 31 Mar 2020	As at 30 Jun 2019	As at 31 Mar 2020	As at 30 Jun 2019
0.10	0.22	0.07	0.09

The net asset value per ordinary share attributable to owners of the Company is computed based on 10,038,683,403 issued shares (excluding treasury shares) as at 31 March 2020 and 30 June 2019.



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) Income Statement (Third Quarter Ended 31 March 2020 ("3Q FY2020") versus Third Quarter Ended 31 March 2019 ("3Q FY2019") and 9 Months Ended 31 March 2020 ("9M FY2020") versus 9 Months Ended 31 March 2019 ("9M FY2019"))

i) Revenue

The Group is predominately focusing on its digital security business. Our Point-Of-Sale (PoSa) asset protection solution has been implemented in all the stores of a major retailer throughout US since 2017. The solution entails that the product which our partner sells is embedded with our code. Upon purchase, the code is input into the product to unlock it and this code is stored in a memory sector of the product.

The Group has a technical design centre supporting factories globally in embedding the codes into the product. In order to minimise embedding of wrong codes during production, most factories require the Group to supply pre-coded memory integrated circuits ("ICs"), hence the Group's entry into the electronic component supply chain. To further augment the supply chain service, the Group also helps to design the products and select ICs suitable for the solutions and knit them to the factories together with the pre-coded memory ICs. The Group's technology business segment began selling codes to the electronics supply chain in 2Q FY2020 and expanded into selling non-coded chips in 3Q FY2020 as an extended service to the existing customers who used these non-coded chips in their products.

Unlike selling to retailer customers, selling to supply chain customers require additional working capital. The Group will discuss this further under the commentary for statements of financial position.

Revenue increased by \$1,197,000 or more than 19-fold from \$62,000 in 3Q FY2019 to \$1,259,000 in 3Q FY2020. Other than retail and supply chain, additional revenue was also generated from the existing supply chain customers who have purchased non-coded memory ICs from the Group.

On the year-to-date("YTD") basis, the Group achieved a 10-fold increase in revenue as compared to its preceding year. The growth was mainly due to the expansion into the supply chain and increase in revenue from retailer customers.

ii) Other income

Other income remain relatively unchange from 3Q FY2019. Foreign currency exchange gain in 3Q FY2020, resulting from the appreciation of USD against SGD, was offset by absence of \$81,000 gain from disclaimed of trade payables and decrease in fixed deposits interest income.

On YoY basis, other income also remain relatively unchange from 9M FY2019. Similarly, foreign currency exchange gain in 9M FY2020 was offset by absence of gain from disclaimed of trade payables and decrease in fixed deposits interest income.

iii) Cost and expenses

The cost of goods purchase for the supply chain lifted the increase in cost of goods and services rendered. The increases were in line with the increase in revenue. Other cost and expenses for 3Q FY2020 amounted to \$1,377,000 was 44.9% lower as compared to 3Q FY2019. This was achieved as the Group continued to rationalise and contain operating costs. Depreciation and amortisation expenses decreased by \$205,000 or 50.0% from \$410,000 in 3Q FY2019 to \$205,000 in 3Q FY2020. This was mainly due to lower amount of intangible assets held as of the same period offset by additional depreciation of right-of-use assets. Employee benefits expenses decreased by \$638,000 or 40.3% from \$1,585,000 in 3Q FY2019 to \$947,000 in 3Q FY2020 and other expenses decreased by \$135,000 or 45.0% from \$300,000 in 3Q FY2019 to \$165,000 in 3Q FY2020.

In line with the increase in revenue, total cost of goods and services rendered was increased by \$3,090,000 to \$3,149,000 for 9M FY2020 as compared to 9M FY2019 of \$59,000. Excluding the loss of \$7,516,000 arising from the disposal of a subsidiary, the total other cost and expenses was decreased by \$2,218,000 to \$4,659,000 for 9M FY2020 from \$6,877,000 in 9M FY2019, a decreased of 32.3%. This was contributed mainly from the lower employee benefits expenses, depreciation and amortisation expenses as the Group continues to rationalise and contain operating costs.



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With the repayment of redeemable convertible bonds ("RCB") on 23 December 2018, the Group has minimum finance liabilities and incurred \$1,000 and \$5,000 in 3Q FY2020 and 9M FY2020 for finance leases. Upon adoption of SFRS(I) 16, the Group incurred \$20,000 in 3Q FY2020 and \$60,000 in 9M FY2020, of deemed interest cost on lease liabilities.

There was no income tax credit in 3Q FY2020 and 9M FY2020 due to the full reversal of deferred tax liabilities as a result of the impairment of intangible assets in FY2019.

Due to the reasons stated above, the net loss attributable to shareholders in 3Q FY2020 and 9M FY2020 was \$1,133,000 and \$11,460,000 respectively.

(B) Statements of Financial Position

Total assets of the Group decreased by \$2,357,000 or 16.0% from \$14,732,000 as at 30 June 2019 to \$12,375,000 as at 31 March 2020, and were mainly due to i) decrease in property, plant and equipment of \$283,000 resulted from depreciation charges, and ii) decrease in cash and bank balances of \$5,890,000. The decrease in property, plant and equipment and cash and bank balances were partially offset by (i) a net addition in intangible assets of \$438,000 as a result of the capitalisation of development for the enhancement of the Group's core technology; (ii) additional rights-of-use assets due to the adoption of SFRS(I) 16 Leases; and (iii) additional working capital outlay for new businesses resulted in an increase of \$2,165,000 in inventories, trade and other receivables and other current assets. There was a transfer of \$150,000 investment in SCash Technologies Pte Ltd ("SCash") from deposit to financial assets at FVOCI. Please refer to "8(C) Cash Flows" for more explanation on cash and bank balances.

Total liabilities of the Group decreased by \$348,000 from \$2,599,000 as at 30 June 2019 to \$2,251,000 as at 31 March 2020 mainly due to the result of the disposal of a subsidiary, Equation Resources Pte. Ltd., in 7 November 2019 and hence the shares of its liabilities partially offset by additional lease liabilities.

Lease liabilities arose merely from recognition of operating lease commitment with the adoption of SFRS(I) 16 Leases predominantly for office rentals.

(C) Cash Flows

i) 3Q FY2020

Net cash used in operating activities amounted to \$923,000 in 3Q FY2020. Net operating cash outflow before working capital changes of \$764,000 was mainly due to the loss before income tax for the financial period before adjusting for net working capital outflow of \$159,000. The net working capital outflow was mainly due to an increase in inventories amounting to \$54,000, trade and other receivables of \$329,000 and decrease in trade and other payables of \$586,000 partially offset by reduction in other current assets of \$810,000.

Net cash used in investing activities of \$118,000 in 3Q FY2020 was mainly due to an addition to intangible assets of \$134,000, but partially offset by receipt of \$16,000 interest.

Net cash generated from financing activities for 3Q FY2020 amounted to \$618,000 and was mainly due to release of pledge fixed deposit, partially offset by lease payments.

Due to the reasons stated above, the Group recorded a net decrease in cash and cash equivalents of \$423,000 in 3Q FY2020.

The Group ended 3Q FY2020 with minimum financial obligation and cash and cash equivalents of \$7,135,000, which includes \$2,300,000 in pledged fixed deposits.

ii) 9M FY2020

Net cash used in operating activities amounted to \$4,998,000 in 9M FY2020. Net operating cash outflow before working capital changes of \$2,785,000 was mainly due to the loss before income tax for the financial period before adjusting for net working capital outflow of \$2,213,000. The net working capital outflow was mainly due to an increase in trade and other receivables and inventories of \$1,359,000 and \$1,314,000 respectively, partially offset by an increase in trade and other payables of \$328,000 and decrease of other current assets of \$132,000.

Net cash used in investing activities of \$399,000 was mainly due to an addition to intangible assets of \$514,000, but partially offset by receipt of \$114,000 interest income.

Net cash used in financing activities for 9M FY2020 amounted to \$2,648,000 and was mainly due to additional pledged fixed deposit of \$2,250,000 and lease payments.

Due to the reasons stated above, the Group recorded a net decrease in cash and cash equivalents of \$8,045,000 in 9M FY2020.

The Group ended 3Q FY2020 with minimum financial obligation and cash and cash equivalents of \$7,135,000, which includes \$2,300,000 in pledged fixed deposits.



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(D) Use of Proceeds

i) Warrants

The Company raised an aggregate of \$25.5 million from the exercise of warrant pursuant to the issue of warrants in 2015. The rights to subscribe for new ordinary shares in the capital of the Company by way of exercise of the warrants had expired on 2 August 2017. The status of the use of proceeds is as follow:

	Warrants Exercise \$'000
Net proceeds raised	25,497
Less: Utilisations	
- Business expansion ^(Note A)	(12,149)
- Working capital expenditures ^(Note B)	(12,175)
- Repayment of loan ^(Note C)	(1,173)
Balance as at 22 April 2020	<u>-</u>

Note A: Additional investment in Disa Digital Safety Pte. Ltd.

Note B: General 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.

ii) Convertible bonds

On 27 December 2016, the Company entered into a RCB agreement with the Investors pursuant to which, the Investors agreed to subscribe for an aggregate subscription amount of \$12 million pursuant to the terms of the RCB agreement. RCB were fully repaid with interest on 23 December 2018.

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

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group recorded a revenue of \$1,259,000 amidst a challenging environment in 3Q FY2020, an increase of about 19-fold from 3Q FY2019. For the 9M FY2020, the Group achieved a revenue of \$3,610,000, an increase of 10-fold from the same period last year. However, the next quarter will be uncertain and challenging as the global economy slow significantly due to the COVID-19 pandemic. The Group will maintain its focus on technology related business opportunities, and we have recently debuted a UV light disinfection autonomous mobile robot that could help local businesses battle COVID-19 contamination as they seek to reopen following the end of the circuit breaker. Our first few deliveries are expected to take place post circuit breaker period.

The core strategy of our technology business partners both retailers and suppliers, who are essential in order to implement our asset protection technologies in a seamless manner with minimal intrusion into the retail experience. The Group has evolved PoSA solution into a service (PaaS*) and continues to enhance our technology and our services to gain new customers.

* PaaS - PoSA as a Service.



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11. Dividend

(a) Current financial period reported on.

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been recommended for 3Q FY2020 in view that the Company was loss making and the Board will re-assess the Company's dividend policy as part of its capital allocation decision when it is profitable.

13. If the group has obtained a general mandate from shareholder for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920 (1)(a)(ii) of the Catalist Rules. If no IPT

The Company has not obtained a general mandate from shareholders for IPTs.

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

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

15. Companies that are subject to quarterly reporting will need to provide: (a) updates on efforts taken to resolve each outstanding audit issue; and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statement have been adequately disclosed. This will not be required for any audit issue that relates to going concern.

a) The disclaimer of opinion issued on the audited financial statements for the financial year ended 30 June 2019 by the Company's previous independent auditor, Crowe Horwath First Trust LLP was related to the non-consolidation of EIKA (Singapore) Pte. Ltd ("**EIKA**") and its subsidiary, PT. Engineering Indonesia Karya ("**PT Karya**"). However, the management and the Board are of the view that the Group has neither control nor significant influence over EIKA and its subsidiary, 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. In addition, the Group has no access to PT Karya's financial statements since it has no control over EIKA.

b) The Board confirms that the impact of the disclaimer of opinion on the financial statements has been adequately disclosed as at 31 March 2020.

BY ORDER OF THE BOARD

CHNG WENG WAH

Managing Director/Chief Executive Officer

12 May 2020



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NEGATIVE ASSURANCE CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 31 March 2020 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

CHNG WENG WAH
Managing Director/Chief Executive Officer

12 May 2020

LAU KAY HENG
Non-Executive and Independent Director