

**Unaudited Financial Statement for the financial period ended 30 September 2016**

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This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

1(a)(i) **Income Statement**

	1st Qtr ended <u>30 Sep 2016</u> \$'000	1st Qtr ended <u>30 Sep 2015</u> \$'000	Increase/ <u>(Decrease)</u> %
Revenue	111	185	(40.0)
Cost of sales	(83)	(130)	(36.2)
<b>Gross profit</b>	<u>28</u>	<u>55</u>	(49.1)
Other income	545	634	(14.0)
Distribution expenses	(74)	(70)	5.7
Administrative expenses	(1,588)	(1,539)	3.2
Other expenses	(7)	(54)	(87.0)
<b>Results from operating activities</b>	<u>(1,096)</u>	<u>(974)</u>	12.5
Finance costs	(150)	(150)	-
Share of results of joint ventures	(77)	(115)	(33.0)
<b>Loss before income tax</b>	<u>(1,323)</u>	<u>(1,239)</u>	6.8
Income tax credit	60	60	-
<b>Loss for the period</b>	<u>(1,263)</u>	<u>(1,179)</u>	7.1
<b>Attributable to:</b>			
Owners of the Company	(1,214)	(1,111)	9.3
Non-controlling interests	(49)	(68)	(27.9)
<b>Loss for the period</b>	<u>(1,263)</u>	<u>(1,179)</u>	7.1

**Statement of Comprehensive Income**

	1st Qtr ended <u>30 Sep 2016</u> \$'000	1st Qtr ended <u>30 Sep 2015</u> \$'000	Increase/ <u>(Decrease)</u> %
<b>Loss for the period</b>	(1,263)	(1,179)	7.1
<b>Other comprehensive income:</b>			
Foreign currency translation differences from foreign subsidiaries	2	50	(96.0)
<b>Other comprehensive income for the period</b>	<u>2</u>	<u>50</u>	<u>(96.0)</u>
<b>Total comprehensive income for the period</b>	<u>(1,261)</u>	<u>(1,129)</u>	11.7
<b>Attributable to:</b>			
Owners of the Company	(1,205)	(1,034)	16.5
Non-controlling interests	(56)	(95)	(41.1)
<b>Total comprehensive income for the period</b>	<u>(1,261)</u>	<u>(1,129)</u>	11.7

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

	1st Qtr ended <u>30 Sep 2016</u> \$'000	1st Qtr ended <u>30 Sep 2015</u> \$'000
Interest expense	150	150
Interest income	(34)	(32)
Amortisation of intangible assets	351	351
Amortisation of prepayment for rights on use of plant and machinery	-	29
Depreciation of property, plant and equipment	19	21
Gain on disposal of property, plant and equipment	(17)	-
Impairment loss on non-trade receivables	7	-
Share of results of joint ventures	77	115
Currency exchange (gain)/loss - net	(1)	8

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**

	<b>Group</b>		<b>Company</b>	
	<u>30 Sep 2016</u>	<u>30 June 2016</u>	<u>30 Sep 2016</u>	<u>30 June 2016</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	135	164	84	97
Intangible assets	12,992	13,343	-	-
Subsidiaries	-	-	14,721	14,721
Associates	27	27	-	-
Joint ventures	18	19	280	280
Trade and other receivables	1,044	960	1,326	1,102
Other non-current assets	6,059	6,059	1,056	755
	<u>20,275</u>	<u>20,572</u>	<u>17,467</u>	<u>16,955</u>
<b>Current assets</b>				
Inventories	88	71	-	-
Trade and other receivables	3,572	3,594	128	100
Other current assets	1,581	1,567	502	480
Cash and bank balances	4,541	5,343	3,713	4,520
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
	<u>12,004</u>	<u>12,797</u>	<u>6,565</u>	<u>7,322</u>
<b>Total assets</b>	<u>32,279</u>	<u>33,369</u>	<u>24,032</u>	<u>24,277</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	154,474	154,474	154,474	154,474
Reserves	4,406	4,397	3,695	3,695
Accumulated losses	(133,652)	(132,438)	(135,571)	(135,302)
	<u>25,228</u>	<u>26,433</u>	<u>22,598</u>	<u>22,867</u>
<b>Non-controlling interests</b>	(9,163)	(9,107)	-	-
<b>Total equity</b>	<u>16,065</u>	<u>17,326</u>	<u>22,598</u>	<u>22,867</u>
<b>Non-current liabilities</b>				
Accruals	779	761	179	176
Financial liabilities	461	470	461	470
Derivative instrument	21	21	-	-
Deferred tax liabilities	2,207	2,267	-	-
	<u>3,468</u>	<u>3,519</u>	<u>640</u>	<u>646</u>
<b>Current liabilities</b>				
Trade and other payables	3,140	3,039	330	348
Accruals	2,113	2,000	431	383
Financial liabilities	6,971	6,963	33	33
Provision for other liabilities and charges	522	522	-	-
	<u>12,746</u>	<u>12,524</u>	<u>794</u>	<u>764</u>
<b>Total liabilities</b>	<u>16,214</u>	<u>16,043</u>	<u>1,434</u>	<u>1,410</u>
<b>Total equity and liabilities</b>	<u>32,279</u>	<u>33,369</u>	<u>24,032</u>	<u>24,277</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**
**Amount repayable in one year or less, or on demand**

30 September 2016 (\$'000)		30 June 2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
6,971	-	6,963	-

**Amount repayable after one year**

30 September 2016 (\$'000)		30 June 2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
76	385	85	385

**Details of collateral**

As at 30 September 2016, total borrowings included secured liabilities of \$7,047,000 (30 June 2016: \$7,048,000) for the Group. Secured loans amounting to \$67,000 (30 June 2016: \$115,000) are secured by security charges which provide for fixed charge on certain equipment to be supplied to a customer and deed of assignment on proceeds arising from certain project of a subsidiary. Personal guarantee is given by a minority shareholder of a subsidiary. In addition, corporate guarantee is given by the Company. Other finance lease liabilities of the Group amounting to \$109,000 (30 June 2016: \$117,000) are secured by the rights to leased motor vehicles.

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

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

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

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

	1st Qtr ended 30 Sep 2016 \$'000	1st Qtr ended 30 Sep 2015 \$'000
<b>Cash flows from operating activities</b>		
Loss before income tax for the period	(1,323)	(1,239)
Adjustments for:		
- Interest expense	150	150
- Interest income	(34)	(32)
- Amortisation of intangible assets	351	351
- Amortisation of prepayment for rights on use of plant and machinery	-	29
- Depreciation of property, plant and equipment	19	21
- Gain on disposal of property plant and machinery	(17)	-
- Impairment loss on non-trade receivables	7	-
- Share of results of joint ventures	77	115
- Exchange differences	(18)	25
Operating cash flows before working capital changes	(788)	(580)
Changes in working capital:		
- Inventories	(17)	(19)
- Trade and other receivables	(135)	(189)
- Other current assets	21	4
- Trade and other payables	101	(1)
<b>Cash used in operations representing net cash used in operating activities</b>	(818)	(785)
<b>Cash flows from investing activities</b>		
Interest received	34	32
Proceeds from disposal of property, plant and equipment	27	-
<b>Net cash from investing activities</b>	61	32
<b>Cash flows from financing activities</b>		
Interest paid	(7)	(9)
Net proceeds from issuance of warrants	-	2,615
Repayment of finance lease	(8)	(16)
Repayment of loan to a third party	-	(395)
Repayment of bank borrowings	(49)	(45)
<b>Net cash (used in)/from financing activities</b>	(64)	2,150
<b>Net (decrease)/increase in cash and cash equivalents</b>	(821)	1,397
Cash and cash equivalents at beginning of the period	5,282	6,797
Net effects of exchange rate changes on cash and cash equivalents	19	44
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>4,480</b>	<b>8,238</b>

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**Unaudited Financial Statement for the financial period ended 30 September 2016**


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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:

	1st Qtr ended 30 Sep 2016 \$'000	1st Qtr ended 30 Sep 2015 \$'000
Cash at bank and on hand	1,230	8,238
Short-term bank deposits	3,311	61
Cash and bank balances per Group statement of financial position	4,541	8,299
Less: Deposits placed with banks as security	(61)	(61)
Cash and cash equivalents per consolidated statement of cash flows	<b>4,480</b>	<b>8,238</b>

**Unaudited Financial Statement for the financial period ended 30 September 2016**

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

**Statements of Changes in Equity**
**Group**

	Share capital	Foreign currency translation reserve	Share option reserve	Other capital reserves	Accumulated losses	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FY 2017</b>								
<b>Balance as at 1 July 2016</b>	154,474	(34)	54	4,377	(132,438)	26,433	(9,107)	17,326
<b>Total comprehensive income</b>								
- Loss for the period	-	-	-	-	(1,214)	(1,214)	(49)	(1,263)
<b>Other comprehensive income for the period</b>								
- Foreign currency translation differences from foreign subsidiaries	-	9	-	-	-	9	(7)	2
<b>Total comprehensive income for the financial period</b>	-	9	-	-	(1,214)	(1,205)	(56)	(1,261)
<b>Balance as at 30 September 2016</b>	<b>154,474</b>	<b>(25)</b>	<b>54</b>	<b>4,377</b>	<b>(133,652)</b>	<b>25,228</b>	<b>(9,163)</b>	<b>16,065</b>
<b>FY 2016</b>								
<b>Balance as at 1 July 2015</b>	154,474	22	75	1,773	(121,654)	34,690	(8,155)	26,535
<b>Total comprehensive income</b>								
- Loss for the period	-	-	-	-	(1,111)	(1,111)	(68)	(1,179)
<b>Other comprehensive income for the period</b>								
- Foreign currency translation differences from foreign subsidiaries	-	77	-	-	-	77	(27)	50
<b>Total comprehensive income for the financial period</b>	-	77	-	-	(1,111)	(1,034)	(95)	(1,129)
<b>Contribution by and distributions to owner</b>								
Issue of warrants <sup>(Note A)</sup>	-	-	-	2,798	-	2,798	-	2,798
- warrants issue expense	-	-	-	(183)	-	(183)	-	(183)
	-	-	-	2,615	-	2,615	-	2,615
<b>Balance as at 30 September 2015</b>	<b>154,474</b>	<b>99</b>	<b>75</b>	<b>4,388</b>	<b>(122,765)</b>	<b>36,271</b>	<b>(8,250)</b>	<b>28,021</b>

**Unaudited Financial Statement for the financial period ended 30 September 2016**
**Company**

	<u>Share capital</u>	<u>Share option</u>	<u>Other capital</u>	<u>Accumulated</u>	<u>Total</u>
	\$'000	reserve	reserves	losses	equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FY 2017</b>					
<b>Balance as at 1 July 2016</b>	154,474	54	3,641	(135,302)	<b>22,867</b>
Total comprehensive income for the financial period	-	-	-	(269)	<b>(269)</b>
<b>Balance as at 30 September 2016</b>	<b>154,474</b>	<b>54</b>	<b>3,641</b>	<b>(135,571)</b>	<b>22,598</b>
<b>FY 2016</b>					
<b>Balance as at 1 July 2015</b>	154,474	75	1,037	(117,206)	<b>38,380</b>
Total comprehensive income for the financial period	-	-	-	26	<b>26</b>
Issue of warrants <sup>(Note A)</sup>	-	-	2,798	-	<b>2,798</b>
- warrants issue expense	-	-	(183)	-	<b>(183)</b>
<b>Balance as at 30 September 2015</b>	<b>154,474</b>	<b>75</b>	<b>3,652</b>	<b>(117,180)</b>	<b>41,021</b>

**Note A:** Prepaid capital contributions were related to irrevocable undertakings given by two shareholders, namely Chng Weng Wah and Starbids Venture Inc. ("Undertaking Shareholders") on 26 May 2015 to subscribe for their entitlements of total 877,746,718 warrants at an issue price of \$0.001 for each warrant, pursuant to the warrants issue announced on 26 May 2015. The Undertaking Shareholders had made advance payment for their respective subscription sums of aggregate \$878,000 to the Company in May 2015. This amount of \$878,000 was recorded as Prepaid Shares Reserves as at 30 June 2015. Upon issuance and allotment of the warrants on 3 August 2015, the amount of \$878,000 was reclassified to Capital Reserves.



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**Unaudited Financial Statement for the financial period ended 30 September 2016**


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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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issue, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

**A) Changes in share capital during the financial period**

There were no changes in the share capital of the Company since 30 June 2016 up to 30 September 2016. As at 30 June 2016 and 30 September 2016, the share capital of the Company comprised 5,113,729,645 ordinary shares.

**B) Share options - Equation Executives' Share Option Scheme ("ESOS")**

As at 30 September 2016, share options granted pursuant to the ESOS for the subscription of 10,000,000 (30 June 2016: 10,000,000) ordinary shares in the share capital of the Company were outstanding.

Save for the above, there are no unissued shares of the Company under options as at 30 September 2016 and 30 June 2016.

**C) Treasury shares**

No treasury shares were held by the Company as at 30 September 2016 and 30 June 2016.

**D) Convertible loans**

The convertible loans are convertible at the lenders option into 461,884,621 (30 June 2016: 461,884,621) ordinary shares of the Company (refer 1(b)(iii)).

**E) Warrants**

As at 30 September 2016, the number of shares that may be issued on conversion of the outstanding warrants expiring on 2 August 2017 is 3,676,177,056 (30 June 2016: 3,676,177,056).

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

	<u>30 Sep 2016</u>	<u>30 June 2016</u>
Total number of ordinary issued shares excluding treasury shares	5,113,729,645	5,113,729,645

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

The Company does not have any treasury shares.

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

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

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

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

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

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial period compared with the audited financial statements for the financial year ended 30 June 2016.

**Unaudited Financial Statement for the financial period ended 30 September 2016**

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

The Group has adopted the new/revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective for accounting period beginning on or before 1 July 2016. The adoption of these new/revised FRSs and INT FRSs did not result in any material change to the Group's accounting policies or any significant impact on the financial statements.

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

**Basic and diluted earnings per share (cents per share)**

- Weighted average number of ordinary shares in issue

<b>Group</b>	
1st Qtr ended 30 Sep 2016	1st Qtr ended 30 Sep 2015
(0.02)	(0.02)
5,113,729,645	5,113,729,645

As the exercise / conversion of the share options, convertible loans and warrants are anti-dilutive, the diluted earnings per share is the same as the basic earnings per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-  
(a) current financial period reported on; and (b) immediately preceding financial year.**

Net asset value per ordinary share attributable to owners of the  
Company and non-controlling interests based on issued share capital (cents)

<b>Group</b>		<b>Company</b>	
As at 30 Sep 2016	As at 30 June 2016	As at 30 Sep 2016	As at 30 June 2016
0.31	0.34	0.44	0.45

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

**Unaudited Financial Statement for the financial period ended 30 September 2016**

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**(A) Income Statement (First Quarter Ended 30 September 2016 ("Q1 FY2017") versus First Quarter Ended 30 September 2015 ("Q1 FY2016"))**

**Continuing operations**

**i) Revenue**

The Group's revenue decreased by \$74,000 (or 40.0%) from \$185,000 in Q1 FY2016 to \$111,000 in Q1 FY2017 ("QoQ"). This was mainly due to decrease in sales in the energy management services (the "Energy Management Services") segment. The decrease was mainly due to lower revenue generated from energy auditing and management services.

**Table A**

E-waste/Recycling  
Energy Management Services

	1st Qtr ended 30 Sep 2016 \$'000	% to total revenue	1st Qtr ended 30 Sep 2015 \$'000	% to total revenue
E-waste/Recycling	63	56.8%	54	29.0%
Energy Management Services	48	43.2%	131	71.0%
	111	100.0%	185	100.0%

**ii) Cost of sales and gross profits**

Cost of sales ("COGS") decreased by \$47,000 (or 36.2%) from \$130,000 in Q1 FY2016 to \$83,000 in Q1 FY2017. The decrease was mainly due to lower sales which resulted in lower COGS recorded in the Energy Management Services segment.

Due to the reasons explained above, the Group recorded a lower gross profit of \$28,000 in Q1 FY2017 as compared to a higher gross profit of \$53,000 in Q1 FY2016.

The Group reported a decrease in gross profit margin ("GP%") from 29.7% in Q1 FY2016 to 25.2% in Q1 FY2017. The decrease in the GP% was mainly contributed by the Energy Management Services segment due to lower gross profit generated from energy auditing and management services during Q1 FY2017.

**iii) Other income**

Other income decreased by \$89,000 (or 14.0%) from \$634,000 in Q1 FY2016 to \$545,000 in Q1 FY2017. This was mainly attributable to decrease in storage income of \$99,000 from the use of one of the Company's subsidiary's storage facilities and decrease in government grants and rebates of \$24,000; partially offset by increase in income earned from transportation and container charges of \$15,000 and gain on disposal of property, plant and equipment of \$17,000.

**iv) Distribution expenses**

Distribution expenses increased by \$4,000 (or 5.7%) from \$70,000 in Q1 FY2016 to \$74,000 in Q1 FY2017. This was mainly due to increase in travelling expense for business purpose.

**v) Administrative expenses**

Administrative expenses increased by \$49,000 (or 3.2%) from \$1,539,000 in Q1 FY2016 to \$1,588,000 in Q1 FY2017. This was mainly attributable to (i) increase in upkeep of premises and computer of \$43,000; (ii) higher legal and professional fees of \$55,000; (iii) higher due and subscriptions fees of \$9,000; and (iv) higher transportation and travelling expenses of \$15,000; partially offset by decrease in staff costs of \$50,000 and audit fee of \$20,000.

**vi) Other expenses**

Other expenses decreased by \$47,000 (or 87.0%) from \$54,000 in Q1 FY2016 to \$7,000 in Q1 FY2017. This was mainly attributable to the prepayments for rights on use of plant and machinery which was fully amortised in last financial year ended 30 June 2016 and loss on waiver of debts of \$25,000 in Q1 FY2016; partially offset by impairment loss on non-trade receivables of \$7,000 in Q1 FY2017.

**vii) Finance costs**

Finance costs remained fairly the same in QoQ comparison.

Due to the reasons above, the Group recorded a net loss of \$1,263,000 in Q1 FY2017.

**(B) Statements of Financial Position**

Total assets of the Group decreased by \$1,090,000 from \$33,369,000 as at 30 June 2016 to \$32,279,000 as at 30 September 2016 mainly due to the following:

i) Property, plant and equipment decreased by \$29,000, and was mainly due to the disposal of property, plant and equipment and depreciation charge for the financial period.

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ii) Intangible assets represent core technology of Disa Asset Protection system. Intangible asset decreased by \$351,000 from \$13,343,000 as at 30 June 2016 to \$12,992,000 as at 30 September 2016. This was mainly due to an amortisation charge for the financial period.

iii) Inventories increased by \$17,000 from \$71,000 as at 30 June 2016 to \$88,000 as at 30 September 2016, mainly due to slow down in sales during the financial period.

iv) Total trade and other receivables increased by \$62,000 from \$4,554,000 as at 30 June 2016 to \$4,616,000 as at 30 September 2016. This was mainly due to slow collection of debts from customers during the financial period.

v) Decrease in cash and balances of \$802,000 (Refer to explanation in "8(C) Cash flow" below).

Total liabilities of the Group increased by \$171,000 from \$16,043,000 as at 30 June 2016 to \$16,214,000 as at 30 September 2016, and were mainly due to the following:

i) Trade and other payables increased by \$101,000 from \$3,039,000 as at 30 June 2016 to \$3,140,000 as at 30 September 2016. This was mainly due to slow repayment to creditors during the financial period.

ii) Total accruals increased by \$131,000 from \$2,761,000 as at 30 June 2016 to \$2,892,000 as at 30 September 2016. This was mainly due to (i) increase in accrued operating expenses of \$20,000; (ii) increase in accrued interests of \$91,000 on convertible and unsecured loans and accrued staff costs of \$20,000 during the financial period.

iii) Total financial liabilities decreased by \$1,000 from \$7,433,000 as at 30 June 2016 to \$7,432,000 as at 30 September 2016 and this was mainly due to loans repayment of \$49,000 and repayment of finance lease of \$8,000 during the financial period; partially offset increase in interest payable of \$56,000 on convertible loans from the Sculptor Investors during the financial period.

The Group experienced a negative working capital of \$742,000 mainly due to a reduction of cash and bank balances.

The Board believes that the Group is able to operate as going concern as at the date of this announcement. Notwithstanding the net liabilities position, net loss position and negative cash flow position for the 3 months financial period ended 30 September 2016, the Group is able to raise additional funds from issuance of new ordinary shares in the issued and paid-up share capital of the Company.

**(C) Cash Flows****Q1 FY2017 vs Q1 FY2016**

The Group recorded a net decrease in cash and cash equivalents of \$821,000 in Q1 FY2017 compared to net increase of \$1,397,000 in Q1 FY2016, mainly due to funds generated/utilised as follows:

Net cash outflow from operating activities for Q1 FY2017 was \$818,000. This comprised operating cash flows before working capital changes of \$788,000 and adjusted for net working capital outflow of \$30,000. The net working capital outflow was the result of increase in (i) inventories of \$17,000; and (ii) trade and other receivables of \$135,000; offset by decrease in other current assets of \$21,000 and increase in trade and other payables of \$101,000.

Net cash inflow from investing activities for Q1 FY2017 amounted to \$61,000 due to interest received of \$34,000 and proceeds from disposal of property, plant and equipment of \$27,000.

Net cash outflow from financing activities for Q1 FY2017 amounted to \$64,000 mainly due to (i) interest paid of \$7,000; (ii) repayment of finance lease of \$8,000; and (iii) repayment of bank borrowings of \$49,000.

**(D) Use of Proceeds**

On 13 March 2015, the Company issued an aggregate of 200,000,000 new shares at S\$0.007 per share in the issued and paid-up capital of the Company pursuant to a subscription agreement entered between the Company and the subscriber ("**Private Placement**"). Net proceeds of \$1.4 million was raised. The Company had utilised approximately \$1.1 million for working capital purposes as at 30 September 2016.

On 3 August 2015, the Company announced a renounceable non-underwritten rights issue of 3,676,177,056 warrants ("**Warrants Issue**") have been allotted and issued. Net proceeds of \$3.5 million was raised. No proceeds were utilised as at 30 September 2016.

	Private Placement	Warrants Issue
	\$'000	\$'000
Net proceeds raised	1,400	3,493
Less: Utilisations		
- Working capital expenditures <sup>(Note A)</sup>	(1,126)	-
- Repayment of loans	-	-
Balance as at 30 September 2016	274	3,493

**Note A:** Working capital expenditures consisted of staff salaries and related expenses as well as trade and non-trade payments.

To date, the utilisation of proceeds arising from the Private Placement is consistent with the intended use as described in the use of proceeds announcements dated 16 December 2015.

**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.**

Our wholly-owned subsidiary, Disa Digital Safety Pte Ltd ("**Disa**") had recently announced the publication of results by the Loss Prevention Research Council ("**LPRC**") on the just-completed Wal-Mart Stores Inc.'s ("**Wal-Mart**") proof-of-concept with Disa's Point-of-Sale Activation ("**PoSA**") asset protection solution.

This ground-breaking test and scientific study proves that the DiSa Asset Protection solution is a scalable solution that will help retailers to drive sales while enhancing the in-store consumer's experience by allowing highly desirable products to be sold in a truly open format.

The collaboration with Wal-Mart is expected to have a positive contribution to the Group.

We shall be updating the shareholders of any material development as and when appropriate.

**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.

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**Unaudited Financial Statement for the financial period ended 30 September 2016**

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12. **If no dividend has been declared/recommended, a statement to that effect.**  
No dividend has been recommended for the financial period ended 30 September 2016.
13. **If the group has obtained a general mandate from shareholder for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.**  
The Company has no general IPT mandate and no IPT transactions for the period under review.
14. **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**  
The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

**BY ORDER OF THE BOARD**

**CHNG WENG WAH**  
**Executive Director/Chief Executive Officer**

2 November 2016

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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 30 September 2016 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

**CHNG WENG WAH**  
**Executive Director/Chief Executive Officer**

2 November 2016

**LAU KAY HENG**  
**Non-Executive and Independent Director**