



DISA Limited
(Company Registration No. 197501110N)

Unaudited Financial Statement for the financial period ended 31 March 2018

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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

	3rd Qtr ended 31 Mar 2018	3rd Qtr ended 31 Mar 2017	Increase/ (Decrease)	9 months ended 31 Mar 2018	9 months ended 31 Mar 2017	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Continuing operations						
Revenue						
Sale of goods *	31	44	(29.5)	95	44	N.M.
Services rendered	24	77	(68.8)	53	223	(76.2)
	<u>55</u>	<u>121</u>	<u>(54.5)</u>	<u>148</u>	<u>267</u>	<u>(44.6)</u>
Other income	113	95	18.9	202	448	(54.9)
Total revenue	<u>168</u>	<u>216</u>	<u>(22.2)</u>	<u>350</u>	<u>715</u>	<u>(51.0)</u>
Cost and expenses						
Cost of services	(17)	(68)	(75.0)	(60)	(196)	(69.4)
Depreciation and amortisation expenses	(378)	(367)	3.0	(1,134)	(1,101)	3.0
Employee benefits expenses	(1,101)	(1,052)	4.7	(4,140)	(2,351)	76.1
Legal and professional expenses	(171)	(412)	(58.5)	(403)	(692)	(41.8)
Impairment losses	-	(8,390)	N.M.	-	(8,398)	N.M.
Loss on liquidation of a subsidiary	(63)	-	N.M.	(63)	-	N.M.
Loss on liquidation of an associate	-	(4)	N.M.	-	(4)	N.M.
Write-off of property, plant and equipment	(5)	-	N.M.	(5)	-	N.M.
Operating lease expenses	(119)	(83)	43.4	(322)	(354)	(9.0)
Other expenses	(529)	(270)	95.9	(1,518)	(938)	61.8
Total cost and expenses	<u>(2,383)</u>	<u>(10,646)</u>	<u>(77.6)</u>	<u>(7,645)</u>	<u>(14,034)</u>	<u>(45.5)</u>
Results from operations activities	<u>(2,215)</u>	<u>(10,430)</u>	<u>(78.8)</u>	<u>(7,295)</u>	<u>(13,319)</u>	<u>(45.2)</u>
Finance costs	(290)	(309)	(6.1)	(835)	(513)	62.8
Share of results of joint ventures	-	27	N.M.	-	(103)	N.M.
Loss before income tax from continuing operations	<u>(2,505)</u>	<u>(10,712)</u>	<u>(76.6)</u>	<u>(8,130)</u>	<u>(13,935)</u>	<u>(41.7)</u>
Income tax credit	60	60	N.M.	163	178	(8.4)
Loss from continuing operations, net of tax	<u>(2,445)</u>	<u>(10,652)</u>	<u>(77.0)</u>	<u>(7,967)</u>	<u>(13,757)</u>	<u>(42.1)</u>

* Sale of goods refers to the sale of Digital Safety ("DiSa") codes

N.M. - not meaningful



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Unaudited Financial Statement for the financial period ended 31 March 2018

	3rd Qtr ended 31 Mar 2018 \$'000	3rd Qtr ended 31 Mar 2017 \$'000	Increase/ (Decrease) %	9 months ended 31 Mar 2018 \$'000	9 months ended 31 Mar 2017 \$'000	Increase/ (Decrease) %
Loss from continuing operations, net of tax	(2,445)	(10,652)	(77.0)	(7,967)	(13,757)	(42.1)
Discontinued operations						
Profit from discontinued operations, net of tax	-	62	N.M.	-	112	N.M.
Loss for the financial period	<u>(2,445)</u>	<u>(10,590)</u>	<u>(76.9)</u>	<u>(7,967)</u>	<u>(13,645)</u>	<u>(41.6)</u>
Attributable to:						
Owners of the Company						
Loss from continuing operations, net of tax	(2,426)	(9,149)	(73.5)	(7,961)	(12,120)	(34.3)
Profit from discontinued operations, net of tax	-	45	N.M.	-	99	N.M.
	<u>(2,426)</u>	<u>(9,104)</u>	<u>(73.4)</u>	<u>(7,961)</u>	<u>(12,021)</u>	<u>(33.8)</u>
Non-controlling interests						
Loss from continuing operations, net of tax	(19)	(1,503)	(98.7)	(6)	(1,637)	(99.6)
Profit from discontinued operations, net of tax	-	17	N.M.	-	13	N.M.
	<u>(19)</u>	<u>(1,486)</u>	<u>(98.7)</u>	<u>(6)</u>	<u>(1,624)</u>	<u>(99.6)</u>
Loss for the financial period	<u>(2,445)</u>	<u>(10,590)</u>	<u>(76.9)</u>	<u>(7,967)</u>	<u>(13,645)</u>	<u>(41.6)</u>
Statement of Comprehensive Income						
Loss for the financial period	(2,445)	(10,590)	(76.9)	(7,967)	(13,645)	(41.6)
Other comprehensive income:						
Foreign currency translation differences from foreign subsidiaries	88	(79)	N.M.	54	42	28.6
Realisation of foreign currency translation on liquidation of a foreign subsidiary	-	2	N.M.	-	2	N.M.
Other comprehensive income for the financial period	<u>88</u>	<u>(77)</u>	<u>N.M.</u>	<u>54</u>	<u>44</u>	<u>22.7</u>
Total comprehensive income for the financial period	<u>(2,357)</u>	<u>(10,667)</u>	<u>(77.9)</u>	<u>(7,913)</u>	<u>(13,601)</u>	<u>(41.8)</u>
Attributable to:						
Owners of the Company						
Loss from continuing operations, net of tax	(2,350)	(9,233)	(74.5)	(7,926)	(12,069)	(34.3)
Profit from discontinued operations, net of tax	-	45	N.M.	-	99	N.M.
	<u>(2,350)</u>	<u>(9,188)</u>	<u>(74.4)</u>	<u>(7,926)</u>	<u>(11,970)</u>	<u>(33.8)</u>
Non-controlling interests						
(Loss)/Profit from continuing operations, net of tax	(7)	(1,496)	(99.5)	13	(1,644)	N.M.
Profit from discontinued operations, net of tax	-	17	N.M.	-	13	N.M.
	<u>(7)</u>	<u>(1,479)</u>	<u>(99.5)</u>	<u>13</u>	<u>(1,631)</u>	<u>N.M.</u>
Total comprehensive income for the financial period	<u>(2,357)</u>	<u>(10,667)</u>	<u>(77.9)</u>	<u>(7,913)</u>	<u>(13,601)</u>	<u>(41.8)</u>

N.M. - not meaningful

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

	3rd Qtr ended 31 Mar 2018	3rd Qtr ended 31 Mar 2017	9 months ended 31 Mar 2018	9 months ended 31 Mar 2017
	\$'000	\$'000	\$'000	\$'000
(inclusive of both continuing and discontinued operations)				
Interest expenses	290	309	835	513
Interest income	(104)	9	(182)	(93)
Amortisation of intangible assets	351	351	1,053	1,053
Depreciation of property, plant and equipment	27	20	81	59
Employee share-based payment expenses	(135)	334	406	620
Gain on disposal of property, plant and equipment	-	(55)	-	(75)
Loss on liquidation of a subsidiary	63	-	63	-
Loss on liquidation of an associate	-	4	-	4
Impairment loss on other current assets	-	17	-	17
Impairment loss on prepayment for rights, interest in and ownership of granite	-	5,939	-	5,939
Impairment loss on trade and non-trade receivables	-	2,434	-	2,442
Reversal of long outstanding payables	-	(19)	-	(28)
Reversal of fair value gain on derivative instrument recognised in previous years	-	-	-	89
Share of results of joint ventures	-	(27)	-	103
Write-off of property, plant and equipment	5	-	5	-
Currency exchange loss/(gain) - net	32	(53)	9	47
Adjustment for under provision of tax in respect of prior year	-	-	16	-

1(a)(iii) Results of the discontinued operations are as follow:

	3rd Qtr ended 31 Mar 2018	3rd Qtr ended 31 Mar 2017	9 months ended 31 Mar 2018	9 months ended 31 Mar 2017
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sale of goods	-	2	-	157
	-	2	-	157
Other income	-	317	-	960
Total revenue	-	319	-	1,117
Cost and expenses				
Cost of services	-	(1)	-	(123)
Depreciation and amortisation expenses	-	(4)	-	(11)
Employee benefits expenses	-	(18)	-	(96)
Legal and professional expenses	-	-	-	(4)
Operating lease expenses	-	(231)	-	(694)
Other expenses	-	(3)	-	(77)
Total cost and expenses	-	(257)	-	(1,005)
Profit before income tax from discontinued operations	-	62	-	112
Income tax expense	-	-	-	-
Profit from discontinued operations, net of tax	-	62	-	112

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	<u>31 Mar 2018</u>	<u>30 June 2017</u>	<u>31 Mar 2018</u>	<u>30 June 2017</u>
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	386	456	324	387
Intangible assets	10,886	11,939	-	-
Subsidiaries	-	-	30,224	16,724
Trade and other receivables	-	91	-	-
Other non-current assets	120	120	54	140
	<u>11,392</u>	<u>12,606</u>	<u>30,602</u>	<u>17,251</u>
Current assets				
Trade and other receivables	626	814	71	66
Other current assets	1,215	949	144	102
Cash and bank balances	32,573	20,165	22,934	19,547
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
	<u>36,636</u>	<u>24,150</u>	<u>25,371</u>	<u>21,937</u>
Total assets	<u>48,028</u>	<u>36,756</u>	<u>55,973</u>	<u>39,188</u>
Equity attributable to owners of the Company				
Share capital	58,680	37,140	58,680	37,140
Reserves	2,296	4,358	1,521	3,666
Accumulated losses	(20,889)	(12,879)	(17,467)	(14,661)
	<u>40,087</u>	<u>28,619</u>	<u>42,734</u>	<u>26,145</u>
Non-controlling interests	(10,118)	(10,025)	-	-
Total equity	<u>29,969</u>	<u>18,594</u>	<u>42,734</u>	<u>26,145</u>
Non-current liabilities				
Financial liabilities	88	12,018	88	12,018
Deferred tax liabilities	1,850	2,029	-	-
	<u>1,938</u>	<u>14,047</u>	<u>88</u>	<u>12,018</u>
Current liabilities				
Trade and other payables	2,157	2,174	43	87
Accruals	1,330	1,222	1,178	923
Financial liabilities	11,930	15	11,930	15
Provision and other liabilities	704	704	-	-
	<u>16,121</u>	<u>4,115</u>	<u>13,151</u>	<u>1,025</u>
Total liabilities	<u>18,059</u>	<u>18,162</u>	<u>13,239</u>	<u>13,043</u>
Total equity and liabilities	<u>48,028</u>	<u>36,756</u>	<u>55,973</u>	<u>39,188</u>

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

31 Mar 2018 (\$'000)		30 June 2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
16	11,914	15	-

Amount repayable after one year

31 Mar 2018 (\$'000)		30 June 2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
88	-	100	11,918

Details of collateral

As at 31 March 2018, total borrowings included secured liability of \$104,000 (30 June 2017: \$115,000) for the Group. The secured liability is secured by the rights to a leased motor vehicle.

The remaining unsecured liabilities pertain to Redeemable Convertible Bonds ("**RCB**") of \$12,000,000 (30 June 2017: \$12,000,000) issued by the Company.

On 27 December 2016, the Company entered into a RCB agreement with Wang Yu Hwei, Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen, the ("**Investors**"), pursuant to which, the Investors agreed to subscribe for an aggregate subscription amount of \$12,000,000 pursuant to the terms of the RCB agreement. The bonds can be converted into the Company's ordinary shares at any time between 23 December 2017 and 23 December 2018. Shareholders' approval has been obtained on 13 February 2017 in relation to the RCB agreement.

The RCB bear an interest rate at 9% per annum and Investors can elect to have all interest due by way of allotment and issuance of ordinary shares in the Company in lieu of receiving payment of interest in cash. Please refer to the Company's circular dated 20 January 2017 for more details on the RCB.

Unaudited Financial Statement for the financial period ended 31 March 2018

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 2018 \$'000	3rd Qtr ended 31 Mar 2017 \$'000	9 months ended 31 Mar 2018 \$'000	9 months ended 31 Mar 2017 \$'000
Cash flows from operating activities				
Loss before income tax from continued operations for the financial period	(2,505)	(10,712)	(8,130)	(13,935)
Profit before income tax from discontinued operations for the financial period	-	62	-	112
	<u>(2,505)</u>	<u>(10,650)</u>	<u>(8,130)</u>	<u>(13,823)</u>
Adjustments for:				
- Interest expenses	290	309	835	513
- Interest income	(104)	9	(182)	(93)
- Amortisation of intangible assets	351	351	1,053	1,053
- Depreciation of property, plant and equipment	27	20	81	59
- Employee share-based payment expenses	(135)	334	406	620
- Gain on disposal of property, plant and equipment	-	(55)	-	(75)
- Loss on liquidation of a subsidiary	63	-	63	-
- Loss on liquidation of an associate	-	4	-	4
- Impairment loss on other current assets	-	17	-	17
- Impairment loss on prepayment for rights, interest in and ownership of granite	-	5,939	-	5,939
- Impairment loss on trade and non-trade receivables	-	2,434	-	2,442
- Reversal of long outstanding payables	-	(19)	-	(28)
- Reversal of fair value gain on derivative instrument recognised in previous years	-	-	-	89
- Share of results of joint ventures	-	(27)	-	103
- Write-off of property, plant and equipment	5	-	5	-
- Exchange differences	23	(86)	(14)	65
	<u>(1,985)</u>	<u>(1,420)</u>	<u>(5,883)</u>	<u>(3,115)</u>
Operating cash flows before working capital changes				
Changes in working capital:				
- Inventories	-	-	-	71
- Trade and other receivables	129	65	182	(183)
- Other current assets	(271)	291	(237)	312
- Trade and other payables	4	(468)	(195)	(554)
	<u>(2,123)</u>	<u>(1,532)</u>	<u>(6,133)</u>	<u>(3,469)</u>
Cash used in operations	-	-	(16)	(1)
Income tax paid	-	-	-	-
Net cash used in operating activities	<u>(2,123)</u>	<u>(1,532)</u>	<u>(6,149)</u>	<u>(3,470)</u>
Cash flows from investing activities				
Interest received	104	(9)	182	93
Purchase of property, plant and equipment	(3)	(295)	(17)	(316)
Proceeds from disposal of property, plant and equipment	-	55	1	86
Net cash from/(used in) investing activities	101	(249)	166	(137)

Unaudited Financial Statement for the financial period ended 31 March 2018

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

	3rd Qtr ended 31 Mar 2018 \$'000	3rd Qtr ended 31 Mar 2017 \$'000	9 months ended 31 Mar 2018 \$'000	9 months ended 31 Mar 2017 \$'000
Cash flows from financing activities				
Interest paid	(587)	(80)	(589)	(1,664)
Deposit placed with a bank as security	(50)	-	(50)	-
Net proceeds from issuance of ordinary shares	-	-	-	10,784
Proceeds from convertible bonds	-	12,000	-	12,000
Proceeds from exercise of warrants	-	837	18,988	4,160
Release of pledged fixed deposit	-	-	61	-
Repayment of finance lease	(4)	(10)	(11)	(26)
Repayment of loan to a third party	-	(385)	-	(385)
Repayment of bank borrowings	-	(17)	-	(115)
Repayment of convertible loan	-	-	-	(7,000)
Net cash (used in)/from financing activities	(641)	12,345	18,399	17,754
Net (decrease)/increase in cash and cash equivalents	(2,663)	10,564	12,416	14,147
Cash and cash equivalents at beginning of the financial period	35,185	8,833	20,104	5,282
Net effects of exchange rate changes on cash and cash equivalents	1	10	3	(22)
Cash and cash equivalents at end of the financial period (Note A)	32,523	19,407	32,523	19,407

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 2018 \$'000	9 months ended 31 Mar 2017 \$'000
Cash at bank and on hand	16,523	5,404
Short-term bank deposits	16,050	14,064
Cash and bank balances per Group statement of financial position	32,573	19,468
Less: Deposit placed with a bank as security	(50)	(61)
Cash and cash equivalents per consolidated statement of cash flows	32,523	19,407

Unaudited Financial Statement for the financial period ended 31 March 2018

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	Other capital reserves \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
FY 2018									
Balance as at 1 July 2017	37,140	82	(44)	873	3,447	(12,879)	28,619	(10,025)	18,594
<u>Total comprehensive income</u>									
- Loss for the financial period	-	-	-	-	-	(7,961)	(7,961)	(6)	(7,967)
<u>Other comprehensive income for the financial period</u>									
- Foreign currency translation differences from foreign subsidiaries	-	-	35	-	-	-	35	19	54
- Realisation of foreign currency translation on liquidation of a foreign subsidiary	-	-	49	-	-	(49)	-	-	-
Total comprehensive income for the financial period	-	-	84	-	-	(8,010)	(7,926)	13	(7,913)
Contribution by and distributions to owner									
Issue of shares:									
Conversion of warrants to ordinary shares	18,988	-	-	-	-	-	18,988	-	18,988
	18,988	-	-	-	-	-	18,988	-	18,988
Others									
Expiry of warrants	33	-	-	-	(33)	-	-	-	-
Employee share-based payment expenses	-	-	-	406	-	-	406	-	406
Transfer on conversion from warrants to shares	2,519	-	-	-	(2,519)	-	-	-	-
Waiver of amount owing by a minority shareholder	-	-	-	-	-	-	-	(106)	(106)
	2,552	-	-	406	(2,552)	-	406	(106)	300
Balance as at 31 March 2018	58,680	82	40	1,279	895	(20,889)	40,087	(10,118)	29,969

Unaudited Financial Statement for the financial period ended 31 March 2018

<u>Group</u>	<u>Share capital</u> \$'000	<u>Equity component of convertible bonds</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Share option reserve</u> \$'000	<u>Other capital reserves</u> \$'000	<u>Accumulated losses</u> \$'000	<u>Total attributable to owners of the Company</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total equity</u> \$'000
FY 2017									
Balance as at 1 July 2016	154,474	-	(34)	54	4,377	(132,438)	26,433	(9,107)	17,326
<u>Total comprehensive income</u>									
- Loss for the financial period	-	-	-	-	-	(12,021)	(12,021)	(1,624)	(13,645)
<u>Other comprehensive income for the financial period</u>									
- Foreign currency translation differences from foreign subsidiaries	-	-	49	-	-	-	49	(7)	42
- Realisation of foreign currency translation on liquidation of an associate	-	-	-	-	-	2	2	-	2
Total comprehensive income for the financial period	-	-	49	-	-	(12,019)	(11,970)	(1,631)	(13,601)
Contribution by and distributions to owner									
Issue of shares:									
Conversion from warrants to shares	4,160	-	-	-	-	-	4,160	-	4,160
Private placements ^(Note A)	10,933	-	-	-	-	-	10,933	-	10,933
- private placement expense	(149)	-	-	-	-	-	(149)	-	(149)
	14,944	-	-	-	-	-	14,944	-	14,944
Others									
Equity conversion component of redeemable convertible bonds	-	82	-	-	-	-	82	-	82
Employee share-based payment expenses	-	-	-	620	-	-	620	-	620
	-	82	-	620	-	-	702	-	702
Balance as at 31 March 2017	169,418	82	15	674	4,377	(144,457)	30,109	(10,738)	19,371

Note A: On 15 November 2016 and 9 December 2016, an aggregate of 1,280,000,000 new ordinary shares were issued pursuant to the private placements announced on 24 October 2016, 25 November 2016 and 28 November 2016.

Unaudited Financial Statement for the financial period ended 31 March 2018

Company

	<u>Share capital</u>	Equity component of <u>convertible bonds</u>	<u>Share option reserve</u>	<u>Other capital reserves</u>	<u>Accumulated losses</u>	Total equity
FY 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2017	37,140	82	873	2,711	(14,661)	26,145
Total comprehensive income for the financial period	-	-	-	1	(2,806)	(2,805)
Conversion from warrants to shares	18,988	-	-	-	-	18,988
Expiry of warrants	33	-	-	(33)	-	-
Employee share-based payment expenses	-	-	406	-	-	406
Transfer on conversion from warrants to shares	2,519	-	-	(2,519)	-	-
Balance as at 31 March 2018	58,680	82	1,279	160	(17,467)	42,734
FY 2017						
Balance as at 1 July 2016	154,474	-	54	3,641	(135,302)	22,867
Total comprehensive income for the financial period	-	-	-	-	(2,371)	(2,371)
Equity conversion component of redeemable convertible bonds	-	82	-	-	-	82
Employee share-based payment expenses	-	-	620	-	-	620
Conversion from warrants to shares	4,160	-	-	-	-	4,160
Private placements ^(Note A)	10,933	-	-	-	-	10,933
- private placement expense	(149)	-	-	-	-	(149)
Balance as at 31 March 2017	169,418	82	674	3,641	(137,673)	36,142

Unaudited Financial Statement for the financial period ended 31 March 2018

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

	<u>Q3 FY2018</u>	<u>Q3 FY2017</u>
As at beginning of the financial period	10,038,683,403	6,868,508,513
Issuance of new ordinary shares pursuant to:		
- exercise of warrants	-	119,613,820
As at end of the financial period	<u>10,038,683,403</u>	<u>6,988,122,333</u>

The issued share capital of the Company as at 31 March 2018 comprises 10,038,683,403 (31 March 2017: 6,988,122,333) ordinary shares.

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

	<u>Q3 FY2018</u>	<u>Q3 FY2017</u>
As at beginning of the financial period	293,000,000	36,000,000
Add: Share options granted on 2 February 2017	-	1,000,000
Share options granted on 16 March 2017	-	10,000,000
Less: Share options forfeited	(14,000,000)	-
As at end of the financial period	<u>279,000,000</u>	<u>47,000,000</u>

C) Treasury shares

No treasury shares were held by the Company as at 31 March 2018 and 31 March 2017.

D) Subsidiary holdings

No subsidiary holdings were held by the Company as at 31 March 2018 and 31 March 2017.

E) Convertible bonds

As at 31 March 2018, the outstanding convertible bonds of the Company which are convertible at the Investors' option into up to 1,287,272,728 ordinary shares of the Company pursuant to the terms of the RCB agreement (31 March 2017: 1,287,272,728) (refer 1(b)(iii)).

F) Warrants

No outstanding warrants were issued by the Company as at 31 March 2018 (31 March 2017: 3,081,784,368) which have expired on 2 August 2017.

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

	<u>31 Mar 2018</u>	<u>30 June 2017</u>
Total number of ordinary issued shares excluding treasury shares	<u>10,038,683,403</u>	<u>7,326,139,103</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.

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.

Unaudited Financial Statement for the financial period ended 31 March 2018

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 2017.

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 2017. 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)

From continuing operations attributable to equity owners of the Company
From discontinued operations attributable to equity owners of the Company
- Weighted average number of ordinary shares in issue

Group		Group	
3rd Qtr ended 31 Mar 2018	3rd Qtr ended 31 Mar 2017	9 months ended 31 Mar 2018	9 months ended 31 Mar 2017
(0.02)	(0.13)	(0.09)	(0.21)
-	0.00	-	0.00
10,038,683,403	6,933,686,910	9,131,430,355	5,849,401,598

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

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

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

Group		Company	
As at 31 Mar 2018	As at 30 June 2017	As at 31 Mar 2018	As at 30 June 2017
0.30	0.25	0.43	0.36

The net asset value per ordinary share attributable to owners of the Company and non-controlling interests is computed based on 10,038,683,403 (30 June 2017: 7,326,139,103) ordinary shares as at 31 March 2018.

Unaudited Financial Statement for the financial period ended 31 March 2018

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 2018 ("Q3 FY2018") versus Third Quarter Ended 31 March 2017 ("Q3 FY2017") and 9 Months Ended 31 March 2018 ("9M FY2018") versus 9 Months Ended 31 March 2017 ("9M FY2017"))

Continuing operations

i) Revenue

The Group's total revenue decreased by \$66,000 (or 54.5%) from \$121,000 in Q3 FY2017 to \$55,000 in Q3 FY2018. This was mainly due to decrease in sales in Energy Management Services segment of \$53,000; and decrease in sales in Technology segment of \$13,000. The decrease in sales in Energy Management Services segment was mainly due to lower revenue generated from consultancy services while the decrease in sales in Technology segment was mainly due to lower revenue generated from sales of DiSa codes during Q3 FY2018 due to the Chinese New Year holiday break when factories in China were shut down.

On a year-to-date ("YoY") comparison, the Group's total revenue decreased by \$119,000 (or 44.6%) from \$267,000 in 9M FY2017 to \$148,000 in 9M FY2018. This was mainly due to decrease in sales in Energy Management Services segment of \$170,000; partially mitigated by increase in sales in Technology segment of \$51,000. The decrease in sales in Energy Management Services segment was mainly due to lower revenue generated from consultancy services while the increase in sales in Technology segment was due to revenue generated from sales of DiSa codes. The breakdown of revenue is represented in Table A below:

Table A

	3rd Qtr ended	% to	3rd Qtr ended	% to	9 months ended	% to	9 months ended	% to
	31 Mar 2018	total revenue	31 Mar 2017	total revenue	31 Mar 2018	total revenue	31 Mar 2017	total revenue
	\$'000		\$'000		\$'000		\$'000	
Technology	31	56.4%	44	36.4%	95	64.2%	44	16.4%
Energy Management Services	24	43.6%	77	63.6%	53	35.8%	223	83.6%
	55	100.0%	121	100.0%	148	100.0%	267	100.0%

ii) Other income

Other income increased by \$18,000 (or 18.9%) from \$95,000 in Q3 FY2017 to \$113,000 in Q3 FY2018. This was mainly attributable to increase in interest income of \$113,000; and increase in government grants and rebates of \$9,000; partially offset by (i) decrease in rental income from related parties of \$17,000 from the usage of facilities at the Company's current operating office; (ii) reconciliation of yearly interest of \$66,000 from one of the Company's subsidiary's project in Q3 FY2017; (iii) absence of waiver of debt due to a related party of \$15,000 in Q3 FY2017; and (iv) overprovision of expenses of \$5,000 in Q3 FY2017.

On YoY basis, other income decreased by \$246,000 (or 54.9%) from \$202,000 in 9M FY2018 as compared to \$448,000 in 9M FY2017. This was mainly attributable to (i) decrease in rental income of \$201,000 from the leasing of office space due to expiry of lease agreement; (ii) decrease in rental income of \$54,000 from the usage of facilities at the Company's current operating office; (iii) reconciliation of yearly interest of \$66,000 from one of the Company's subsidiary's project in 9M FY2017; (iv) absence of waiver of debt due to a related party of \$15,000 in 9M FY2017; and (v) overprovision of expenses of \$14,000 in 9M FY2017; partially offset by increase in interest income of \$89,000; increase in government grant and rebates of \$11,000; and other income derived from book keeping services of \$3,000.

iii) Cost and expenses

The total cost and expenses decreased by \$8,263,000 (or 77.6%) from \$10,646,000 in Q3 FY2017 to \$2,383,000 in Q3 FY2018. This was mainly due to (i) decrease in cost of services ("COS") of \$51,000 due to lower COS recorded by the Energy Management Services segment, in line with the decrease in sales in the Energy Management Services segment; (ii) decrease in legal and professional fee of \$241,000; (iii) full impairment loss on trade and non-trade receivables of \$2,434,000 from PT Kawasan Dinamika Harmonitama ("KDH") which was currently under enforcement of proceedings of the arbitral award in Q3 FY2017; (iv) full impairment loss on prepayment of rights, interest in and ownership of granite of \$5,939,000 in Q3 FY2017; and (v) impairment loss on other current assets of \$17,000 in Q3 FY2017; partially offset by (i) higher depreciation of property, plant and equipment of \$11,000; (ii) increase in employee benefits expenses of \$49,000, mainly due to increase in management resources of \$695,000 to support the expansion plans of Point-of-Sale Activation Solution beyond the United States market to South America and Europe; offset by reversal of share options of \$469,000 being granted and decrease in staff costs of \$177,000 due to the resignation of staff; (iii) loss on liquidation of a subsidiary of \$63,000; (iv) increase in operating lease expenses of \$36,000 due to two new offices in United States during Q1 FY2018; and (v) increase in other expenses of \$259,000. The increase in other expenses was mainly due to (i) higher directors' fee of \$27,000, mainly due to newly appointed directors during the financial year ended 30 June 2017 ("FY2017"); (ii) higher penalty of \$60,000 due to early termination of contract from investor relations consultancy services; (iii) higher fixed assets expensed off of \$6,000; (iv) higher recruitment expenses of \$66,000; (v) higher research and development expenses of \$35,000; (vi) higher transportation and travelling expense of \$11,000; (vii) higher upkeep of premises of \$10,000; (viii) higher GST not claimable of \$9,000; and (ix) net loss of \$82,000 in foreign currency movement; partially offset by (i) lower advertisement expense of \$15,000; and (ii) lower printing and stationery expenses of \$33,000.

The total cost and expenses decreased by \$6,389,000 (or 45.5%) from \$14,034,000 in 9M FY2017 to \$7,645,000 in 9M FY2018. This was mainly due to (i) decrease in COS of \$136,000 due to lower COS recorded by the Energy Management Services segment during the financial period as mentioned above which in line with the decrease in sales of the Energy Management Services segment; (ii) decrease in legal and professional fee of \$289,000; (iii) full impairment loss on trade and non-trade receivables of \$2,434,000 from KDH which was currently under enforcement of proceedings of the arbitral award in 9M FY2017; (iv) full impairment loss on prepayment of rights, interest in and ownership of granite of \$5,939,000 in 9M FY2017; (v) impairment loss on other current assets of \$17,000 in 9M FY2017; and (vi) lower operating lease expenses of \$32,000, mainly due to expiry of lease agreement; partially offset by (i) higher depreciation of property, plant and equipment of \$33,000; (ii) increase in employee benefits expenses of \$1,789,000, mainly due to increase in management resources of \$1,865,000 to support the expansion of Point of Sale Activation beyond the US market to South America and Europe; partially offset by reversal of share options of \$214,000 being granted; (iii) loss on liquidation of a subsidiary of \$63,000; and (vi) increase in other expenses of \$580,000. The increase in other expenses was mainly attributable to (i) higher directors' fee of \$87,000, mainly due to newly appointed directors during FY2017; (ii) higher donations of \$7,000; (iii) higher licence fee of \$7,000; (iv) higher penalty of \$60,000 due to early termination of contract from investor relations consultancy services; (v) higher fixed assets expensed off of \$4,000; (vi) higher recruitment expense of \$266,000; (vii) higher telephone, internet and fax expenses of \$77,000; (viii) higher other taxes including property tax and sales tax of \$17,000; (ix) higher transportation and travelling expenses of \$86,000 for business purposes; (x) higher research and development expenses of \$86,000; and (xi) higher marketing and business development expenses of \$69,000; partially offset by (i) lower advertisement expense of \$26,000; (ii) lower printing and stationery expenses of \$41,000; (iii) reversal of fair value gain on derivative instrument recognised in previous years of \$89,000 in 9M FY2017; and (iv) net gain of \$34,000 in foreign currency movement.

Finance costs decreased by \$19,000 (or 6.1%) from \$309,000 in Q3 FY2017 to \$290,000 in Q3 FY2018. This was mainly due to higher interest accrued from the effective date of the redeemable convertible bonds from 23 December 2016 till 31 March 2017, which was recognized in Q3 FY2017.

On YoY basis, finance costs increased by \$322,000 (or 62.8%) from \$513,000 in 9M FY2017 to \$835,000 in 9M FY2018 due to interest expenses arising from the redeemable convertible bonds.

No share of results of joint ventures recorded in Q3 FY2018 and 9M FY2018 as compared to share of profit of \$27,000 in Q3 FY2017 and share of loss of \$103,000 in 9M FY2017, due to disposal of investment in joint ventures in FY2017.

Due to the reasons above, the Group recorded a net loss before income tax from continuing operations of \$2,505,000 and \$8,130,000 in Q3 FY2018 and 9M FY2018 respectively.

(B) Statements of Financial Position

Total assets of the Group increased by \$11,272,000 from \$36,756,000 as at 30 June 2017 to \$48,028,000 as at 31 March 2018, and were mainly due to the following:

- i) Property, plant and equipment decreased by \$70,000, and was mainly due to the depreciation charge during the financial period; offset by the addition of \$17,000 of new fixed assets during the financial period.
- ii) Intangible assets represent core technology of DiSa Asset Protection system. Intangible assets decreased by \$1,053,000 from \$11,939,000 as at 30 June 2017 to \$10,886,000 as at 31 March 2018. This was due to an amortisation charge during the financial period.
- iii) Total trade and other receivables decreased by \$279,000 from \$905,000 as at 30 June 2017 to \$626,000 as at 31 March 2018. This was mainly due to waiver of amount owing by a minority shareholder of the Company's subsidiary and repayment from customers during the financial period.
- iv) Increase in cash and bank balances of \$12,408,000 (Refer to explanation in "8(C) Cash flows" below).

Total liabilities of the Group decreased by \$103,000 from \$18,162,000 as at 30 June 2017 to \$18,059,000 as at 31 March 2018, and were mainly due to the following:

- i) Total accruals increased by \$108,000 from \$1,222,000 as at 30 June 2017 to \$1,330,000 as at 31 March 2018. This was mainly due to increase in accrued interest of \$250,000 mainly resulting from the redeemable convertible bonds; partially offset by decrease in accrued staff costs of \$77,000; and decrease in accrued operating costs of \$65,000 during the financial period.
- ii) Total financial liabilities decreased by \$15,000 from \$12,033,000 as at 30 June 2017 to \$12,018,000 as at 31 March 2018. This was mainly due to repayment of finance lease of \$11,000 during the financial period.
- iii) Deferred tax liabilities decreased by \$179,000 from \$2,029,000 as at 30 June 2017 to \$1,850,000 as at 31 March 2018. This was due to reversal of amortisation charge during the financial period.

(C) Cash Flows

i) Q3 FY2018 vs Q3 FY2017

The Group recorded a net decrease in cash and cash equivalents of \$2,663,000 in Q3 FY2018 compared to net increase in cash and cash equivalents of \$10,564,000 in Q3 FY2017, mainly due to funds generated/utilised as follows:

Net cash outflow from operating activities for Q3 FY2018 was \$2,123,000. This comprised operating cash outflows before working capital changes of \$1,985,000 which is mainly due to the loss before income tax for the financial period and adjusted for net working capital outflow of \$138,000. The net working capital outflow was due to increase in other current assets of \$271,000; offset by the decrease in trade and other receivables of \$129,000; and increase in trade and other payables of \$4,000.

Net cash from investing activities for Q3 FY2018 amounted to \$101,000 mainly due to interest received of \$104,000; partially offset by purchase of property, plant and equipment of \$3,000.

Net cash used in financing activities for Q3 FY2018 amounted to \$641,000 mainly due to interest paid of \$587,000; deposit placed with a bank as security of \$50,000 and repayment of finance lease of \$4,000.

ii) 9M FY2018 vs 9M FY2017

Cash and bank balances (net of deposit placed with a bank as security) (refer to 1(C)(ii)) increased by approximately \$12,419,000 from \$20,104,000 as at 30 June 2017 to \$32,523,000 as at 31 March 2018, mainly due to funds generated/utilised as follows:

Net cash outflow for operating activities for 9M FY2018 was \$6,149,000. This comprised operating cash flows before working capital changes of \$5,883,000 which is mainly due to the loss before income tax for the financial period and adjusted for net working capital outflow of \$250,000. The net working capital outflow was the result of increase in other current assets of \$237,000; and decrease in trade and other payables of \$195,000; partially offset by decrease in trade and other receivables of \$182,000.

Net cash from investing activities for 9M FY2018 amounted to \$166,000 mainly due to interest received of \$182,000; partially offset by purchase of property, plant and equipment of \$17,000.

Net cash from financing activities for 9M FY2018 amounted to \$18,399,000 mainly due to proceeds from exercise of warrants of \$18,988,000; partially offset by interest paid of \$589,000; deposit placed with a bank as security of \$50,000 and repayment of finance lease of \$11,000.

Unaudited Financial Statement for the financial period ended 31 March 2018**(D) Use of Proceeds****i) Warrants**

As at 31 March 2018, 3,642,453,758 warrants ("**Warrants Exercise**") has been exercised since the issue of the warrants and a total proceed of about \$25.5 million was raised. 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 proceeds is as follow:

	Warrants Exercise \$'000
Net proceeds raised	25,497
Less: Utilisations	
- Business expansion ^(Note A)	(10,144)
- Working capital expenditures ^(Note B)	(4,850)
- Repayment of loans ^(Note C)	<u>(1,173)</u>
Balance as at 31 March 2018	<u>9,330</u>

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

Note B: Working capital expenditures consisted of non-trade payments, purchase of fixed assets, 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 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. No proceeds were utilised as at 31 March 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.

There is increasing interest shown in the Group's Point of Sales Activation ("PoSA") and 3S (Single Scan Serialisation) technologies with the American retailers. Currently there are 20 suppliers on board and the Group anticipates more suppliers coming on board periodically. But, the third quarter sales of codes were lower by 30% than the corresponding period of the immediately preceding financial year. This was mainly due to the long holiday break during the Chinese new year where factories in China were shut down. Despite this, the sales of codes for the nine months ending 31 March 2018 were higher by 116% than those in the corresponding financial period ending 31 March 2017. The Group will continue with other technologies to assist US retailers in managing their return fraud problem. These technologies are intended to provide a comprehensive solution to US retailers by minimising or avoiding shrinkage and return fraud and extend to a wide range of electronic and non-electronic retail products.

The Group is actively expanding its presence in the US to market its technologies. In addition to hiring additional experienced marketing executives, the Group has also expanded its ground support centres from Bentonville, Houston Texas to Minneapolis (home office locations for three of the largest US retailers Walmart, Target and Best Buy). These high level interactions will deepen and broaden relationships with existing and potential customers. Barring unforeseen circumstances, the Group is cautiously optimistic about continuous improvement in the adoption of its innovative technologies by retailers in the US.

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.

Unaudited Financial Statement for the financial period ended 31 March 2018

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the financial period ended 31 March 2018.

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
Managing Director/Chief Executive Officer

10 May 2018

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 2018 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

10 May 2018

LAU KAY HENG
Non-Executive and Independent Director