



DISA Limited  
(formerly known as Equation Summit Limited)  
(Company Registration No. 197501110N)

**Unaudited Financial Statement for the financial period ended 30 September 2017**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of 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 30 Sep 2017	1st Qtr ended 30 Sep 2016	Increase/ (Decrease)
	\$'000	\$'000	%
<b><u>Continuing operations</u></b>			
<b>Revenue</b>			
Sale of goods	29	-	N.M.
Sale of services rendered	18	48	(62.5)
	<u>47</u>	<u>48</u>	(2.1)
Other income	34	220	(84.5)
<b>Total revenue</b>	<u>81</u>	<u>268</u>	(69.8)
<b>Cost and expenses</b>			
Cost of services	(19)	(49)	(61.2)
Depreciation and amortisation expenses	(378)	(367)	3.0
Employee benefits expenses	(1,207)	(430)	N.M.
Legal and professional expenses	(110)	(99)	11.1
Impairment losses	-	(7)	N.M.
Operating lease expenses	(93)	(195)	(52.3)
Other expenses	(520)	(229)	N.M.
<b>Total cost and expenses</b>	<u>(2,327)</u>	<u>(1,376)</u>	69.1
<b>Results from operations activities</b>	(2,246)	(1,108)	N.M.
Finance costs	(272)	(150)	81.3
Share of results of joint ventures	-	(77)	N.M.
<b>Loss before income tax from continuing operations</b>	<u>(2,518)</u>	<u>(1,335)</u>	88.6
Income tax credit	60	60	0.0
<b>Loss from continuing operations, net of tax</b>	<u>(2,458)</u>	<u>(1,275)</u>	92.8
<b>Discontinued operations</b>			
Profit from discontinued operations, net of tax	-	12	N.M.
<b>Loss for the financial period</b>	<u>(2,458)</u>	<u>(1,263)</u>	94.6

N.M. - not meaningful



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	1st Qtr ended 30 Sep 2017	1st Qtr ended 30 Sep 2016	Increase/ (Decrease)
	\$'000	\$'000	%
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
Loss from continuing operations, net of tax	(2,478)	(1,233)	N.M.
Profit from discontinued operations, net of tax	-	19	N.M.
	<u>(2,478)</u>	<u>(1,214)</u>	N.M.
<b>Non-controlling interests</b>			
Profit/(Loss) from continuing operations, net of tax	20	(42)	N.M.
Loss from discontinued operations, net of tax	-	(7)	N.M.
	<u>20</u>	<u>(49)</u>	N.M.
<b>Loss for the financial period</b>	<u>(2,458)</u>	<u>(1,263)</u>	94.6
<b><u>Statement of Comprehensive Income</u></b>			
Loss for the financial period	(2,458)	(1,263)	94.6
<b>Other comprehensive income:</b>			
Foreign currency translation differences from foreign subsidiaries	(31)	2	N.M.
<b>Other comprehensive income for the financial period</b>	<u>(31)</u>	<u>2</u>	N.M.
<b>Total comprehensive income for the financial period</b>	<u>(2,489)</u>	<u>(1,261)</u>	97.4
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
Loss from continuing operations, net of tax	(2,510)	(1,225)	N.M.
Profit from discontinued operations, net of tax	-	20	N.M.
	<u>(2,510)</u>	<u>(1,205)</u>	N.M.
<b>Non-controlling interests</b>			
Profit/(Loss) from continuing operations, net of tax	21	(49)	N.M.
Loss from discontinued operations, net of tax	-	(7)	N.M.
	<u>21</u>	<u>(56)</u>	N.M.
<b>Total comprehensive income for the financial period</b>	<u>(2,489)</u>	<u>(1,261)</u>	97.4

N.M. - not meaningful



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**Unaudited Financial Statement for the financial period ended 30 September 2017**

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

(inclusive of both continuing and discontinued operations)	1st Qtr ended 30 Sep 2017 \$'000	1st Qtr ended 30 Sep 2016 \$'000
Interest expenses	272	150
Interest income	(30)	(34)
Amortisation of intangible assets	351	351
Depreciation of property, plant and equipment	27	19
Employee share-based payments expense	93	-
Gain on disposal of property, plant and equipment	-	(17)
Impairment loss on trade and other receivables	-	7
Share of results of joint ventures	-	77
Currency exchange gain - net	(27)	(1)

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

	1st Qtr ended 30 Sep 2017 \$'000	1st Qtr ended 30 Sep 2016 \$'000
<b>Revenue</b>		
Sale of goods	-	63
	-	63
Other income	-	325
Total revenue	-	388
<b>Cost and expenses</b>		
Cost of services	-	(32)
Depreciation and amortisation expenses	-	(3)
Employee benefits expenses	-	(53)
Legal and professional expenses	-	(4)
Operating lease expenses	-	(232)
Other expenses	-	(52)
<b>Total cost and expenses</b>	-	(376)
<b>Profit before income tax from discontinued operations</b>	-	12
Income tax expense	-	-
<b>Profit from discontinued operations for the financial period, net of tax</b>	-	12



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**Unaudited Financial Statement for the financial period ended 30 September 2017**

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 2017</u>	<u>30 June 2017</u>	<u>30 Sep 2017</u>	<u>30 June 2017</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	437	456	365	387
Intangible assets	11,588	11,939	-	-
Subsidiaries	-	-	16,724	16,724
Trade and other receivables	91	91	-	-
Other non-current assets	120	120	2,314	140
	<u>12,236</u>	<u>12,606</u>	<u>19,403</u>	<u>17,251</u>
<b>Current assets</b>				
Trade and other receivables	657	814	71	66
Other current assets	902	949	82	102
Cash and bank balances	37,436	20,165	36,076	19,547
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
	<u>41,217</u>	<u>24,150</u>	<u>38,451</u>	<u>21,937</u>
<b>Total assets</b>	<u>53,453</u>	<u>36,756</u>	<u>57,854</u>	<u>39,188</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	58,680	37,140	58,680	37,140
Reserves	1,865	4,358	1,207	3,666
Accumulated losses	(15,355)	(12,879)	(15,444)	(14,661)
	<u>45,190</u>	<u>28,619</u>	<u>44,443</u>	<u>26,145</u>
<b>Non-controlling interests</b>	<u>(10,110)</u>	<u>(10,025)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>35,080</u>	<u>18,594</u>	<u>44,443</u>	<u>26,145</u>
<b>Non-current liabilities</b>				
Financial liabilities	12,014	12,018	12,014	12,018
Deferred tax liabilities	1,969	2,029	-	-
	<u>13,983</u>	<u>14,047</u>	<u>12,014</u>	<u>12,018</u>
<b>Current liabilities</b>				
Trade and other payables	2,187	2,174	101	87
Accruals	1,484	1,222	1,281	923
Financial liabilities	15	15	15	15
Provision and other liabilities	704	704	-	-
	<u>4,390</u>	<u>4,115</u>	<u>1,397</u>	<u>1,025</u>
<b>Total liabilities</b>	<u>18,373</u>	<u>18,162</u>	<u>13,411</u>	<u>13,043</u>
<b>Total equity and liabilities</b>	<u>53,453</u>	<u>36,756</u>	<u>57,854</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**

30 Sep 2017 (\$'000)		30 June 2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
15	-	15	-

**Amount repayable after one year**

30 Sep 2017 (\$'000)		30 June 2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
96	11,918	100	11,918

**Details of collateral**

As at 30 September 2017, total borrowings included secured liability of \$111,000 (30 June 2017: \$115,000) for the Group. The secured liability is secured by the rights to 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 Huei, 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.



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**Unaudited Financial Statement for the financial period ended 30 September 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 2017 \$'000	1st Qtr ended 30 Sep 2016 \$'000
<b>Cash flows from operating activities</b>		
Loss before income tax from continued operations for the financial period	(2,518)	(1,335)
Profit before income tax from discontinued operations for the financial period	-	12
	<u>(2,518)</u>	<u>(1,323)</u>
Adjustments for:		
- Interest expenses	272	150
- Interest income	(30)	(34)
- Amortisation of intangible assets	351	351
- Depreciation of property, plant and equipment	27	19
- Employee share-based payments expense	93	-
- Gain on disposal of property, plant and equipment	-	(17)
- Impairment loss on trade and other receivables	-	7
- Share of results of joint ventures	-	77
- Exchange differences	(35)	(18)
	<u>(1,840)</u>	<u>(788)</u>
<b>Operating cash flows before working capital changes</b>		
Changes in working capital:		
- Inventories	-	(17)
- Trade and other receivables	54	(135)
- Other current assets	55	21
- Trade and other payables	(5)	101
	<u>(1,736)</u>	<u>(818)</u>
Cash used in operations	-	-
Income tax paid	-	-
	<u>(1,736)</u>	<u>(818)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	30	34
Purchase of property, plant and equipment	(9)	-
Proceeds from disposal of property, plant and equipment	-	27
	<u>21</u>	<u>61</u>
<b>Net cash from investing activities</b>		



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**Unaudited Financial Statement for the financial period ended 30 September 2017**

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

	1st Qtr ended 30 Sep 2017 \$'000	1st Qtr ended 30 Sep 2016 \$'000
<b>Cash flows from financing activities</b>		
Interest paid	(1)	(7)
Proceeds from exercise of warrants	18,988	-
Repayment of finance lease	(4)	(8)
Repayment of bank borrowings	-	(49)
<b>Net cash from/(used in) financing activities</b>	<b>18,983</b>	<b>(64)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,268</b>	<b>(821)</b>
Cash and cash equivalents at beginning of the financial period	20,104	5,282
Net effects of exchange rate changes on cash and cash equivalents	3	19
<b>Cash and cash equivalents at end of the financial period (Note A)</b>	<b>37,375</b>	<b>4,480</b>

**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 2017 \$'000	1st Qtr ended 30 Sep 2016 \$'000
Cash at bank and on hand	5,358	1,230
Short-term bank deposits	32,078	3,311
Cash and bank balances per Group statement of financial position	37,436	4,541
Less: Deposits placed with banks as security	(61)	(61)
Cash and cash equivalents per consolidated statement of cash flows	<b>37,375</b>	<b>4,480</b>

**Unaudited Financial Statement for the financial period ended 30 September 2017**

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**

<b>Group</b>	<b>Share capital</b>	<b>Equity component of convertible bonds</b>	<b>Foreign currency translation reserve</b>	<b>Share option reserve</b>	<b>Other capital reserves</b>	<b>Accumulated losses</b>	<b>Total attributable to owners of the Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FY 2018</b>									
<b>Balance as at 1 July 2017</b>	37,140	82	(44)	873	3,447	(12,879)	<b>28,619</b>	(10,025)	<b>18,594</b>
<b>Total comprehensive income</b>									
- Loss for the financial period	-	-	-	-	-	(2,478)	<b>(2,478)</b>	20	<b>(2,458)</b>
<b>Other comprehensive income for the financial period</b>									
- Foreign currency translation differences from foreign subsidiaries	-	-	(32)	-	-	-	<b>(32)</b>	1	<b>(31)</b>
- Realisation of foreign currency translation on liquidation of a foreign subsidiary	-	-	(2)	-	-	2	-	-	-
<b>Total comprehensive income for the financial period</b>	-	-	(34)	-	-	(2,476)	<b>(2,510)</b>	21	<b>(2,489)</b>
<b>Contribution by and distributions to owner</b>									
Issue of shares:									
Conversion of warrants to ordinary shares	18,988	-	-	-	-	-	<b>18,988</b>	-	<b>18,988</b>
	18,988	-	-	-	-	-	<b>18,988</b>	-	<b>18,988</b>
<b>Others</b>									
Expiry of warrants	33	-	-	-	(33)	-	-	-	-
Employee share-based payment expenses	-	-	-	93	-	-	<b>93</b>	-	<b>93</b>
Transfer on conversion from warrants to shares	2,519	-	-	-	(2,519)	-	-	-	-
Waiver of amount owing by a minority shareholder	-	-	-	-	-	-	-	(106)	<b>(106)</b>
	2,552	-	-	93	(2,552)	-	93	(106)	(13)
<b>Balance as at 30 September 2017</b>	<b>58,680</b>	<b>82</b>	<b>(78)</b>	<b>966</b>	<b>895</b>	<b>(15,355)</b>	<b>45,190</b>	<b>(10,110)</b>	<b>35,080</b>
<b>Group</b>									
	<b>Share capital</b>	<b>Equity component of convertible bonds</b>	<b>Foreign currency translation reserve</b>	<b>Share option reserve</b>	<b>Other capital reserves</b>	<b>Accumulated losses</b>	<b>Total attributable to owners of the Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	\$'000	\$'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)	<b>26,433</b>	(9,107)	<b>17,326</b>
<b>Total comprehensive income</b>									
- Loss for the financial period	-	-	-	-	-	(1,214)	<b>(1,214)</b>	(49)	<b>(1,263)</b>
<b>Other comprehensive income for the financial period</b>									
- Foreign currency translation differences from foreign subsidiaries	-	-	9	-	-	-	<b>9</b>	(7)	<b>2</b>
<b>Total comprehensive income for the financial period</b>	-	-	9	-	-	(1,214)	<b>(1,205)</b>	(56)	<b>(1,261)</b>
<b>Balance as at 30 September 2016</b>	<b>154,474</b>	<b>-</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>





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**Unaudited Financial Statement for the financial period ended 30 September 2017**

**Company**

	<u>Share capital</u> \$'000	Equity component of <u>convertible bonds</u> \$'000	<u>Share option</u> <u>reserve</u> \$'000	<u>Other capital</u> <u>reserves</u> \$'000	<u>Accumulated</u> <u>losses</u> \$'000	<b><u>Total</u> <u>equity</u></b> \$'000
<b><u>FY 2018</u></b>						
<b>Balance as at 1 July 2017</b>	37,140	82	873	2,711	(14,661)	<b>26,145</b>
Total comprehensive income for the financial period	-	-	-	-	(783)	<b>(783)</b>
Conversion from warrants to shares	18,988	-	-	-	-	<b>18,988</b>
Expiry of warrants	33	-	-	(33)	-	-
Employee share-based payment expenses	-	-	93	-	-	<b>93</b>
Transfer on conversion from warrants to shares	2,519	-	-	(2,519)	-	-
<b>Balance as at 30 September 2017</b>	<b>58,680</b>	<b>82</b>	<b>966</b>	<b>159</b>	<b>(15,444)</b>	<b>44,443</b>
<b><u>FY 2017</u></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>-</b>	<b>54</b>	<b>3,641</b>	<b>(135,571)</b>	<b>22,598</b>

**Unaudited Financial Statement for the financial period ended 30 September 2017**

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**

As at beginning of the period  
Issuance of new ordinary shares pursuant to:  
- exercise of warrants  
As at end of the period

<u>Q1 FY2018</u>	<u>Q1 FY2017</u>
7,326,139,103	5,113,729,645
2,712,544,300	-
<u>10,038,683,403</u>	<u>5,113,729,645</u>

The issued share capital of the Company as at 30 September 2017 comprises 10,038,683,403 (30 September 2016: 5,113,729,645) ordinary shares.

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

As at beginning of the period  
Add: Share options granted on 3 July 2017  
    Share options granted on 31 July 2017  
Less: Share options forfeited  
As at end of the period

<u>Q1 FY2018</u>	<u>Q1 FY2017</u>
52,500,000	10,000,000
6,000,000	-
1,000,000	-
(500,000)	-
<u>59,000,000</u>	<u>10,000,000</u>

**C) Treasury shares**

No treasury shares were held by the Company as at 30 September 2017 and 30 September 2016.

**D) Subsidiary holdings**

No subsidiary holdings were held by the Company as at 30 September 2017 and 30 September 2016.

**E) Convertible bonds**

As at 30 September 2017, 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 (30 September 2016: 461,884,621) (refer 1(b)(ii)).

**F) Warrants**

No outstanding warrants were issued by the Company as at 30 September 2017 (30 September 2016: 3,676,177,056) 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.

Total number of ordinary issued shares excluding treasury shares

<u>30 Sep 2017</u>	<u>30 June 2017</u>
<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 30 September 2017**

**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	
1st Qtr ended 30 Sep 2017	1st Qtr ended 30 Sep 2016
(0.03)	(0.02)
-	0.00
9,371,935,680	5,113,729,645

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 30 Sep 2017	As at 30 June 2017	As at 30 Sep 2017	As at 30 June 2017
0.35	0.25	0.44	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 30 September 2017.

**Unaudited Financial Statement for the financial period ended 30 September 2017**

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 2017 ("Q1 FY2018") versus First Quarter Ended 30 September 2016 ("Q1 FY2017"))**

**Continuing operations**

**i) Revenue**

The Group's revenue decreased by \$1,000 (or 2.1%) from \$48,000 in Q1 FY2017 to \$47,000 in Q1 FY2018. This was mainly due to decrease in sales in Energy Management Services segment of \$30,000; partially mitigated by the increase in sales in Technology segment of \$29,000. 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 mainly due to revenue generated from sales of asset protection system during Q1 FY2018.

**Table A**

Technology  
Energy Management Services

	1st Qtr ended 30 Sep 2017 \$'000	% to total revenue	1st Qtr ended 30 Sep 2016 \$'000	% to total revenue
Technology	29	61.7%	-	0.0%
Energy Management Services	18	38.3%	48	100.0%
	47	100.0%	48	100.0%

**ii) Other income**

Other income decreased by \$186,000 (or 84.5%) from \$220,000 in Q1 FY2017 to \$34,000 in Q1 FY2018. This was mainly attributable to (i) decrease in rental income of \$166,000 from the leasing of office space due to expiry of lease agreement; and (ii) decrease in rental income from related parties of \$19,000 from the usage of facilities at the Company's current operating office.

**iii) Cost and expenses**

The total cost and expenses increased by \$951,000 (or 69.1%) from \$1,376,000 in Q1 FY2017 to \$2,327,000 in Q1 FY2018. This was mainly due to (i) higher depreciation of property, plant and equipment of \$11,000; (ii) increase in employee benefits expenses of \$777,000, mainly due to new share options of \$93,000 being granted in Q1 FY2018 and increase in management resources to support the expansion plans of Point-of-Sale Activation Solution beyond the United States market to South America and Europe; (iii) increase in legal and professional fee of \$11,000; and (iv) increase in other expenses of \$291,000; partially offset by (i) decrease in cost of services ("COS") of \$30,000, mainly due to lower COS recorded by the Energy Management Services segment, in line with the decrease in sales in Energy Management Services segment; (ii) decrease in operating lease expenses of \$102,000 due to expiry of lease agreement; and (iii) impairment loss on trade and other receivables of \$7,000 in Q1 FY2017. The increase in other expenses was mainly due to (i) higher directors' fee of \$34,000, mainly due to newly appointed directors in the financial year ended 2017 ("FY2017"); higher research and development expenses of \$20,000; higher marketing and business development expenses of \$36,000; higher fixed assets expensed off of \$36,000; higher recruitment expenses of \$141,000; higher telephone, internet and fax expenses of \$52,000; higher transportation and travelling expense of \$40,000; partially offset by lower upkeep of computer and premises expenses of \$41,000; and foreign currency movement of net gain of \$25,000.

Finance costs increased by \$122,000 (or 81.3%) from \$150,000 in Q1 FY2017 to \$272,000 in Q1 FY2018. This was mainly due to the interest expenses arising from the redeemable convertible bonds.

No share of results of joint ventures recorded in Q1 FY2018 as compared to share of loss of \$77,000 in Q1 FY2017, due to disposal of investment in joint ventures in FY2017.

Due to the reasons above, the Group recorded a net loss before tax from continuing operations of \$2,518,000 in Q1 FY2018.

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**Unaudited Financial Statement for the financial period ended 30 September 2017**

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**(B) Statements of Financial Position**

Total assets of the Group increased by \$16,697,000 from \$36,756,000 as at 30 June 2017 to \$53,453,000 as at 30 September 2017, and were mainly due to the following:

- i) Property, plant and equipment decreased by \$19,000, and was mainly due to the depreciation charge; offset by the addition of \$9,000 of fixed assets for the financial period.
- ii) Intangible assets represent core technology of DiSa Asset Protection system. Intangible asset decreased by \$351,000 from \$11,939,000 as at 30 June 2017 to \$11,588,000 as at 30 September 2017. This was mainly due to an amortisation charge for the financial period.
- v) Total trade and other receivables decreased by \$157,000 from \$905,000 as at 30 June 2017 to \$748,000 as at 30 September 2017. This was mainly due to waiver of debts due from a minority shareholder of the Company's subsidiary and repayment from customers during the financial period.
- vi) Increase in cash and balances of \$17,271,000 (Refer to explanation in "8(C) Cash flow" below).

Total liabilities of the Group increased by \$211,000 from \$18,162,000 as at 30 June 2017 to \$18,373,000 as at 30 September 2017, and were mainly due to the following:

- i) Trade and other payables increased by \$13,000 from \$2,174,000 as at 30 June 2017 to \$2,187,000 as at 30 September 2017 and this was mainly due to slowed repayment to creditor during the financial period.
- ii) Total accruals increased by \$262,000 from \$1,222,000 as at 30 June 2017 to \$1,484,000 as at 30 September 2017. This was mainly due to (i) increase in accrued interest of \$270,000 mainly resulting from accrued interest on redeemable convertible bonds; and (ii) increase in accrued operating costs of \$82,000; partially offset by decrease in accrued staff costs of \$90,000 during the financial period.
- iii) Total financial liabilities decreased by \$4,000 from \$12,033,000 as at 30 June 2017 to \$12,029,000 as at 30 September 2017 and this was mainly due to repayment of finance lease of \$4,000.
- v) Deferred tax liabilities decreased by \$60,000 from \$2,029,000 as at 30 June 2017 to \$1,969,000 as at 30 September 2017 and this was mainly due to reversal of amortisation charge during the financial period.

**(C) Cash Flows****i) Q1 FY2018 vs Q1 FY2017**

The Group recorded a net increase in cash and cash equivalents of \$17,271,000 in Q1 FY2018 compared to net decrease of \$821,000 in Q1 FY2017, mainly due to funds generated/utilised as follows:

Net cash outflow from operating activities for Q1 FY2018 was \$1,736,000. This comprised operating cash outflows before working capital changes of \$1,840,000 and adjusted for net working capital inflow of \$104,000. The net working capital inflow was caused by the decrease in trade and other receivables of \$54,000 and decrease in other current assets of \$55,000; partially offset by the increase in trade and other payables of \$5,000.

Net cash from investing activities for Q1 FY2018 amounted to \$21,000 mainly due to interest received of \$30,000; partially offset by purchase of property, plant and equipment of \$9,000.

Net cash from financing activities for Q1 FY2018 amounted to \$18,983,000 mainly due to proceeds from exercise of warrants of \$18,988,000; partially offset by (i) interest paid of \$1,000; and (ii) repayment of finance lease of \$4,000.



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**Unaudited Financial Statement for the financial period ended 30 September 2017**

**(D) Use of Proceeds**

**i) Private Placement**

On 13 December 2016, the Company issued an aggregate of 300,000,000 new shares at S\$0.0099 per share in the issued and paid-up capital of the Company pursuant to a placement agreement entered between the Company and the placement agent ("**Private Placement 1**"). Net proceeds of \$2.97 million was raised. The Company had utilised approximately \$2.2 million for working capital expenditure and repayment of accrued interest from convertible loans purposes as at 30 September 2017.

On 13 December 2016, the Company issued an aggregate of 380,000,000 new shares at S\$0.0099 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 2**"). Net proceeds of \$3.762 million was raised. The Company had fully utilised the net proceeds for investments purpose for the expansion of Disa Digital Safety Pte. Ltd. as at 30 September 2017.

	<b>Private Placement 1 \$'000</b>	<b>Private Placement 2 \$'000</b>	<b>Total \$'000</b>
Net proceeds raised	2,970	3,762	6,732
Less: Utilisations			
- Working capital expenditures <sup>(Note A)</sup>	(638)	-	(638)
- Investments <sup>(Note B)</sup>	-	(3,762)	(3,762)
- Repayment of accrued interest from convertible loan	(1,576)	-	(1,576)
Balance as at 30 September 2017	<u>756</u>	<u>-</u>	<u>756</u>

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

**Note B:** Additional investment in Disa Digital Safety Pte. Ltd. and loan extension for working capital purposes.

Subsequent to 30 September 2017, the Company has further utilised the net proceeds from the Private Placement 1 for general working capital purposes which consisted of non-trade payments, directors' fee, staff salaries and related expenses. As at date of this announcement, the Company has utilised \$2,665,000 of the net proceeds raised from the Private Placement 1.

To date, the utilisation of proceeds arising from the Private Placement 1 and Private Placement 2 are consistent with the intended use as described in the use of proceeds announcements dated 25 November 2016 and 28 November 2016 respectively.

**ii) Warrants**

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. The net proceeds has been fully utilised for working capital expenditure and repayment of loans as at 30 September 2017.

As at 30 September 2017, 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:

	<b>Warrants Issue \$'000</b>	<b>Warrants Exercise \$'000</b>
Net proceeds raised	3,493	25,497
Less: Utilisations		
- Working capital expenditures <sup>(Note A)</sup>	(1,300)	(2,350)
- Repayment of loans <sup>(Note B)</sup>	(2,193)	(1,173)
Balance as at 30 September 2017	<u>-</u>	<u>21,974</u>

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

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

**iii) 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 30 September 2017.

**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 started the financial year ending 30 June 2018 ("FY2018") on a positive note by making steady progress in rolling out its Point of Sale Activation ("PoSA") technology with the largest retailer in the world. During Q1 FY2018, the Group collaborated with some of the top performing brands within the Global Positioning System ("GPS") and Navigation products industry, including Magellan GPS Navigation Systems, to implement the PoSA Solution to protect these electronic products at the retail level. In September 2017, these GPS and Navigation products were sold in open sell format for the first time in the United States ("US"). The Group will continue to work closely with vendors for other electronic products and barring unforeseen circumstances, expects to engage more vendors to implement the PoSA Solution in FY2018.

To cope with the business expansion in the United States, the Group has recruited senior US retail industry talents in Q1 FY2018. With additional resources, our wholly-owned indirect US subsidiary Disa Digital Safety (USA) is actively following up with interested US retailers on their adoption of the award winning PoSA technology.

**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.**

No dividend has been recommended for the financial period ended 30 September 2017.

**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.



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**Unaudited Financial Statement for the financial period ended 30 September 2017**

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**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

3 November 2017

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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 2017 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

3 November 2017

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