



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 30 JUNE 2017**

This announcement has been prepared by Secura Group Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

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SECURA GROUP LIMITED
 Incorporated in the Republic of Singapore
 Registration No. 201531866K

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

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

1(a)(i) 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.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			Group		
	Q2 FY2017 S\$'000	Q2 FY2016* S\$'000	Increase/ (Decrease) %	H1 FY2017 S\$'000	H1 FY2016* S\$'000	Increase/ (Decrease) %
Revenue	10,728	8,714	23.1	20,265	17,398	16.5
Cost of sales	(8,790)	(7,158)	22.8	(16,480)	(14,588)	13.0
Gross profit	1,938	1,556	24.6	3,785	2,810	34.7
Other operating income	462	485	(4.7)	829	935	(11.3)
Distribution and selling expenses	(729)	(461)	58.1	(1,412)	(779)	81.3
Administrative expenses	(1,720)	(1,515)	13.5	(3,490)	(2,518)	38.6
Finance cost	(84)	–	NM	(139)	–	NM
Listing expenses	–	–	–	–	(279)	NM
Share of results of joint ventures and associate	16	28	(42.9)	26	54	(51.9)
(Loss)/profit before tax	(117)	93	NM	(401)	223	NM
Income tax credit/(expense)	23	(36)	NM	8	(20)	NM
(Loss)/profit for the period	(94)	57	NM	(393)	203	NM
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	(29)	46	NM	8	(29)	NM
Share of foreign currency translation of joint venture and associate	–	(23)	NM	–	(33)	NM
Total comprehensive income for the period	(123)	80	NM	(385)	141	NM
(Loss)/profit for the period attributable to:						
Owners of the Company	(45)	57	NM	(302)	203	NM
Non-controlling interests	(49)	–	NM	(91)	–	NM
	(94)	57	NM	(393)	203	NM
Total comprehensive income attributable to:						
Owners of the Company	(74)	80	NM	(294)	141	NM
Non-controlling interests	(49)	–	NM	(91)	–	NM
	(123)	80	NM	(385)	141	NM

NM: Not meaningful

* The results of Q2 FY2016 and H1 FY2016 have been retrospectively adjusted to reflect the fair values of assets and liabilities of Secura Singapore Pte. Ltd. and its subsidiaries (“SSPL Group”) upon finalisation of the purchase price allocation (“PPA”) exercise in Q4 FY2016.

1(a)(ii) Notes to combined statements of profit or loss and other comprehensive income. The Group's profit before tax was arrived at after crediting / (charging) the following:

	Group			Group		
	Q2 FY2017 S\$'000	Q2 FY2016 S\$'000	Increase/ (Decrease) %	H1 FY2017 S\$'000	H1 FY2016 S\$'000	Increase/ (Decrease) %
Government grant income	254	237	7.2	421	512	(17.8)
Depreciation of property, plant and equipment	(497)	(327)	52.0	(964)	(673)	43.2
Amortisation of intangible assets	(140)	(55)	NM	(195)	(110)	77.3
Gain/(loss) on disposal of property, plant and equipment	7	(26)	NM	5	(26)	NM
Write back of allowance for doubtful debts	30	30	–	30	30	–
Interest income	17	75	(77.3)	41	123	(66.7)
Finance cost	(84)	–	NM	(139)	–	NM
Foreign exchange (loss)/gain, net	(6)	(67)	(91.0)	(99)	47	NM
Wages and salaries	(6,944)	(5,951)	16.7	(13,921)	(11,825)	17.7

NM: Not meaningful

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.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 30/06/2017 S\$'000	As at * 31/12/2016 S\$'000	As at 30/06/2017 S\$'000	As at 31/12/2016 S\$'000
Non-current assets				
Property, plant and equipment	32,856	31,940	15,190	14,874
Investment property	–	–	2,909	2,954
Intangible assets	3,336	3,513	–	–
Investment in subsidiaries	–	–	37,006	36,706
Investment in joint ventures	814	819	–	–
Investment in associates	6,818	598	6,221	–
Trade and other receivables	83	65	128	60
	<u>43,907</u>	<u>36,935</u>	<u>61,454</u>	<u>54,594</u>
Current assets				
Inventories	2,344	2,458	–	–
Trade and other receivables	9,100	8,741	109	50
Tax recoverable	177	178	–	–
Prepaid operating expenses	733	354	298	139
Amounts due from subsidiaries	–	–	6,727	6,716
Amount due from a joint venture	60	45	–	–
Cash and cash equivalents	9,893	19,829	6,151	15,048
	<u>22,307</u>	<u>31,605</u>	<u>13,285</u>	<u>21,953</u>
Current liabilities				
Trade and other payables	4,873	5,382	674	603
Deferred revenue	818	864	–	–
Accrued operating expenses	1,306	1,296	184	235
Finance lease	92	30	30	30
Bank loan	833	833	833	833
Amount due to a joint venture	45	57	–	–
Amount due to a non-controlling interest	–	26	–	–
Income tax payable	259	294	–	–
	<u>8,226</u>	<u>8,782</u>	<u>1,721</u>	<u>1,701</u>
Net current assets	<u>14,081</u>	<u>22,823</u>	<u>11,564</u>	<u>20,252</u>
Non-current liabilities				
Finance lease	114	15	–	15
Bank loan	10,997	11,364	10,997	11,364
Deferred tax liabilities	994	1,038	–	–
	<u>12,105</u>	<u>12,417</u>	<u>10,997</u>	<u>11,379</u>
Net assets	<u>45,883</u>	<u>47,341</u>	<u>62,021</u>	<u>63,467</u>
Equity				
Share capital	61,644	61,644	61,644	61,644
Merger reserve	(16,291)	(16,291)	–	–
Foreign currency translation reserve	57	49	–	–
Employee share option reserve	310	183	310	183
Retained earnings	30	1,532	67	1,640
	<u>45,750</u>	<u>47,117</u>	<u>62,021</u>	<u>63,467</u>
Non-controlling interests	133	224	–	–
Total equity	<u>45,883</u>	<u>47,341</u>	<u>62,021</u>	<u>63,467</u>

* Retrospectively adjusted to reflect finalisation of PPA of Red Sentry Pte Ltd (“RSPL”) in Q2 FY2017

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

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
925	–	863	26

Amount repayable after one year

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,111	–	11,379	–

Details of any collateral

As at the balance sheet date, the Group's finance lease and bank loan are secured by machineries, motor vehicles and the property at 38 Alexandra Terrace respectively.

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.**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group			
	Q2 FY2017 S\$'000	Q2 FY2016 S\$'000	H1 FY2017 S\$'000	H1 FY2016 S\$'000
Cash flows from operating activities:				
(Loss)/profit before tax	(117)	93	(401)	223
Adjustments for:				
Depreciation of property, plant and equipment	497	327	964	673
Amortisation of intangible assets	140	55	195	110
(Gain)/loss on disposal of property, plant and equipment	(7)	26	(5)	26
Interest income	(17)	(75)	(41)	(123)
Receipt and recognition of deferred revenue, net	70	(50)	(63)	37
Share of results of joint ventures and associate	(16)	(28)	(26)	(54)
Unrealised exchange (gain)/loss, net	(38)	70	11	(43)
Finance cost	84	–	139	–
Grant of equity-settled share options to employees	56	43	127	43
Operating cash flows before working capital changes	652	461	900	892
Decrease in inventories	127	85	114	341
(Increase)/decrease in trade and other receivables	(1,103)	(1,047)	(805)	753
Increase in prepaid operating expenses	(147)	(410)	(378)	(453)
Increase in amount due from a joint venture	(30)	(44)	(27)	(41)
Increase/(decrease) in trade and other payables	765	(283)	(509)	(798)
Increase in accrued operating expenses	30	198	10	25
Cash flows from/(used in) operations	294	(1,040)	(695)	719
Interest received	16	26	47	74
Interest paid	(84)	–	(139)	–
Tax paid	(71)	(118)	(72)	(208)
Net cash flows from/(used in) operating activities	155	(1,132)	(859)	585
Investing activities:				
Proceeds from disposal of property, plant and equipment	13	248	18	248
Purchase of property, plant and equipment	(891)	(376)	(1,700)	(436)
Dividend income from a joint venture	–	45	30	45
Net cash (outflow)/inflow from acquisition of subsidiaries	–	(1,245)	–	2,937
Net cash outflow from acquisition of an associate	(6,221)	–	(6,221)	–
Net cash flows (used in)/from investing activities	(7,099)	(1,328)	(7,873)	2,794
Financing activities:				
Decrease/(increase) in fixed deposits pledged	77	(55)	423	(55)
Proceeds from issue of shares	–	–	–	28,000
Share issuance expense	–	–	–	(880)
Dividend paid on ordinary shares	(1,200)	(1,200)	(1,200)	(6,149)
Repayment of finance lease	(22)	(104)	(34)	(115)
Repayment of amount due to a non-controlling interest	–	–	(26)	–
Repayment of bank loan	(183)	–	(367)	–
Repayment of shareholder loan	–	–	–	(3,000)
Net cash flows (used in)/from financing activities	(1,328)	(1,359)	(1,204)	17,801
Net (decrease)/increase in cash and cash equivalents	(8,272)	(3,819)	(9,936)	21,180
Effect of exchange rate changes on cash and cash equivalents	–	(2)	–	1
Cash and cash equivalents at beginning of period/year	18,165	26,938	19,829	1,936
Cash and cash equivalents at end of period	9,893	23,117	9,893	23,117

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) 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.

Group	Share capital (S\$'000)	Merger reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Employee share option reserve (S\$'000)	Retained earnings (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
At 1 January 2017 (as previously stated)	61,644	(16,291)	49	183	1,625	224	47,434
Effect of PPA adjustments *	–	–	–	–	(93)	–	(93)
At 1 January 2017 (as restated)	61,644	(16,291)	49	183	1,532	224	47,341
Loss for the period	–	–	–	–	(257)	(42)	(299)
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	37	–	–	–	37
Share of foreign currency translation of joint venture and associate	–	–	–	–	–	–	–
Other comprehensive income for the period, net of tax	–	–	37	–	–	–	37
Total comprehensive income for the period	–	–	37	–	(257)	(42)	262
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	71	–	–	71
At 31 March 2017	61,644	(16,291)	86	254	1,275	182	47,150
Loss for the period	–	–	–	–	(45)	(49)	(94)
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	(29)	–	–	–	(29)
Share of foreign currency translation of joint venture and associate	–	–	–	–	–	–	–
Other comprehensive income for the period, net of tax	–	–	(29)	–	–	–	(29)
Total comprehensive income for the period	–	–	(29)	–	(45)	(49)	(123)
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	56	–	–	56
Dividend on ordinary shares	–	–	–	–	(1,200)	–	(1,200)
At 30 June 2017	61,644	(16,291)	57	310	30	133	45,883

* Retrospective adjustments to reflect finalisation of PPA of RSPL in Q2 FY2017

Group	Share capital	Merger reserve	Foreign currency translation reserve	Employee share option reserve	Retained earnings	Non-controlling interests	Total equity
At 1 January 2016	– *	1,000	–	–	1,871	–	2,871
Profit for the period (as previously stated)	–	–	–	–	6,164	–	6,164
Effect of PPA adjustment **	–	–	–	–	(6,018)	–	(6,018)
Profit for the period (as restated)	–	–	–	–	146	–	146
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	(75)	–	–	–	(75)
Share of foreign currency translation of joint venture and associate	–	–	(10)	–	–	–	(10)
Other comprehensive income for the period, net of tax	–	–	(85)	–	–	–	(85)
Total comprehensive income for the period	–	–	(85)	–	146	–	61
<u>Contributions by and distributions to owners</u>							
Share issuance pursuant to IPO	28,000	–	–	–	–	–	28,000
Share issuance expense	(880)	–	–	–	–	–	(880)
Issuance of shares pursuant to the restructuring exercise (as previously stated)	11,762	(2,110)	–	–	–	–	9,652
Effect of PPA adjustment **	22,821	(15,181)	–	–	–	–	7,640
Issuance of shares pursuant to the restructuring exercise (as restated)	34,583	(17,291)	–	–	–	–	17,292
At 31 March 2016 (as restated)	61,703	(16,291)	(85)	–	2,017	–	47,344
Profit for the period (as previously stated)	–	–	–	–	104	–	104
Effect of PPA adjustment **	–	–	–	–	(47)	–	(47)
Profit for the period (as restated)	–	–	–	–	57	–	57
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	46	–	–	–	46
Share of foreign currency translation of joint venture and associate	–	–	(23)	–	–	–	(23)
Other comprehensive income for the period, net of tax	–	–	23	–	–	–	23
Total comprehensive income for the period	–	–	23	–	57	–	80
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	43	–	–	43
Dividend on ordinary shares	–	–	–	–	(1,200)	–	(1,200)
At 30 June 2016 (as restated)	61,703	(16,291)	(62)	43	874	–	46,267

* Denotes less than S\$1,000

** Retrospective adjustment to reflect finalisation of PPA of the SSPL Group in Q4 FY2016

Company	Share capital S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2017	61,644	183	1,640	63,467
Loss for the period, representing total comprehensive income for the period	–	–	(281)	(281)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	71	–	71
At 31 March 2017	61,644	254	1,359	63,257
Loss for the period, representing total comprehensive income for the period	–	–	(92)	(92)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	56	–	56
Dividend on ordinary shares	–	–	(1,200)	(1,200)
At 30 June 2017	61,644	310	67	62,021
At 1 January 2016	–*	–	(726)	(726)
Profit for the period, representing total comprehensive income for the period	–	–	2,554	2,554
<u>Contributions by and distributions to owners</u>				
Issuance of shares pursuant to the IPO	28,000	–	–	28,000
Share issuance expense	(880)	–	–	(880)
Issuance of shares pursuant to the restructuring exercise (as previously stated)	11,762	–	–	11,762
Effect of PPA adjustment	22,821	–	–	22,821
Issuance of shares pursuant to the restructuring exercise (as restated)	34,583	–	–	34,583
At 31 March 2016 (as restated)	61,703	–	1,828	63,531
Loss for the period, representing total comprehensive income for the period	–	–	(294)	(294)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	43	–	43
Dividend on ordinary shares	–	–	(1,200)	(1,200)
At 30 June 2016 (as restated)	61,703	43	334	62,080

* Denotes less than S\$1,000

- 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 corresponding period immediately preceding financial year.**

	Number of shares	Issued and paid-up share capital S\$
As at 30 June 2017 and 31 March 2017	400,000,000	61,644,000

There were 224,000,000 warrants outstanding as at 30 June 2017 and 30 June 2016, each warrant carrying the right to subscribe for one share at the exercise price of S\$0.35 per share and 18,400,000 share options outstanding under the Secura Employee Share Option Scheme as at 30 June 2017 and 30 June 2016.

As at 30 June 2017 and 30 June 2016, there were no treasury shares held by the Company and there were no subsidiary holdings.

- 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.**

	As at 30/06/17	As at 31/12/16
Total number of issued shares excluding treasury shares	400,000,000	400,000,000

- 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.**

There were no treasury shares held by the Company.

- 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.**

There were no subsidiary holdings.

- 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 the auditors of the Company.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for H1 FY2017 as its most recently audited financial statements for FY2016.

- 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.**

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard. The adoption of the new and revised Financial Reporting Standards (including their consequential amendments) and interpretations is assessed to have no material impact on the results of the Group and of the Company for H1 FY2017.

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.

	Group		Group	
	Q2 FY2017	Q2 FY2016	H1 FY2017	H1 FY2016
(Loss)/profit attributable to owners of the Company (S\$'000)	(45)	57	(302)	203
Weighted average number of shares ('000)	400,000	400,000	400,000	372,923
Basic and diluted EPS based on weighted average number of shares (cents)	(0.01)	0.01	(0.08)	0.05

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.

	Group		Company	
	As at 30/06/17	As at 31/12/16	As at 30/06/17	As at 31/12/16
Net asset value (S\$'000)	45,750	47,117	62,021	63,467
Number of shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	11.44	11.78	15.51	15.87

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.

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue increased by 23.1% or S\$2.02 million, from S\$8.71 million in Q2 FY2016 to S\$10.73 million in Q2 FY2017 mainly due to the following:

- (1) increase in revenue of S\$0.54 million from the security guarding segment as a result of securing more contracts and increase in average selling price;
- (2) increase in revenue of S\$0.80 million from the cyber security segment mainly due to the acquisition of RSPL on 30 June 2016; and
- (3) increase in revenue of S\$0.97 million from the systems integration and homeland security segment.

These were partially offset by the decrease in revenue of S\$0.30 million from the security printing segment mainly due to decrease in demand for commercial printing products.

Cost of sales

Cost of sales increased by 22.8% or S\$1.63 million, from S\$7.16 million in Q2 FY2016 to S\$8.79 million in Q2 FY2017, in line with the increase in revenue.

Gross profit

In line with the increase in revenue, gross profit increased by 24.6% or S\$0.38 million, from S\$1.56 million in Q2 FY2016 to S\$1.94 million in Q2 FY2017. Gross profit margin remained fairly constant at 18.1% in Q2 FY2017 and 17.9% in Q2 FY2016.

Other operating income

Other operating income decreased by 4.7% or S\$0.03 million, from S\$0.49 million in Q2 FY2016 to S\$0.46 million in Q2 FY2017 mainly due to a decrease in government grants under the Wage Credit Scheme which was partially offset by the Global Company Partnership grant of S\$0.09 million.

Distribution and selling expenses

Distribution and selling expenses increased by 58.1% or S\$0.27 million, from S\$0.46 million in Q2 FY2016 to S\$0.73 million in Q2 FY2017 mainly due to business expansion with new sales staff being employed, incremental cost incurred for the new subsidiaries and the amortisation of customer relationship arising from the fair valuation of the SSPL Group and RSPL

Administrative expenses

Administrative expenses increased by 13.5% or S\$0.20 million, from S\$1.52 million in Q2 FY2016 to S\$1.72 million in Q2 FY2017 mainly due to increase in corporate staff cost to augment our corporate functions to support the Group's expansion plans and incremental costs incurred for the new subsidiaries.

(Loss)/profit attributable to owners of the Company

The Group incurred a loss attributable to owners of the Company of S\$0.05 million in Q2 FY2017 mainly due to an increase in distribution and selling expenses and administrative expenses.

REVIEW OF THE GROUP'S FINANCIAL POSITIONNon-current assets

The Group's non-current assets increased by 18.88% or S\$6.97 million, from S\$36.94 million as at 31 December 2016 to S\$43.91 million as at 30 June 2017 mainly due to the addition of property, plant and equipment and the acquisition of 20% of the issued and paid-up share capital of Custodio Technologies Pte. Ltd. ("CTPL").

Current assets

The Group's current assets decreased by 29.42% or S\$9.30 million, from S\$31.61 million as at 31 December 2016 to S\$22.31 million as at 30 June 2017 mainly due to use of cash for payment of the acquisition of CTPL, dividend payment and the addition of property, plant and equipment of S\$9.94 million, partially offset by an increase in trade and other receivables of S\$0.36 million.

Current liabilities

The Group's current liabilities decreased by 6.33% or S\$0.56 million, from S\$8.78 million as at 31 December 2016 to S\$8.23 million as at 30 June 2017 mainly due to a decrease in trade and other payables of S\$0.51 million in relation to office renovation of our property at 38 Alexandra Terrace and the progressive recognition of deferred revenue of S\$0.05 million.

Non-current liabilities

The Group's non-current liabilities decreased by 2.51% or S\$0.31 million, from S\$12.42 million as at 31 December 2016 to S\$12.11 million as at 30 June 2017 mainly due to repayment of bank loan of S\$0.37 million and partially offset by an increase in finance lease of machineries and motor vehicles of S\$0.10 million.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

We generated operating cash flows before working capital changes of S\$0.65 million for Q2 FY2017. Net cash used in working capital amounted to S\$0.36 million mainly due to increase in trade and other receivables of S\$1.10 million, increase in prepaid operating expenses of S\$0.15 million, increase in amount due from a joint venture of S\$0.03 million and partially offset by increase in trade and other payables of S\$0.77 million, decrease in inventories of S\$0.13 million and increase in accrued operating expenses of S\$0.03 million. Net cash generated from operating activities for Q2 FY2017 amounted to S\$0.16 million.

Net cash used in investing activities for Q2 FY2017 amounted to S\$7.10 million. This was primarily due to the addition of property, plant and equipment of S\$0.89 million and the acquisition of 20% interest in CTPL of S\$6.22 million.

Net cash used in financing activities for Q2 FY2017 amounted to S\$1.33 million. This was due to dividend payment of S\$1.2 million, repayment of bank loan of S\$0.18 million, repayment of finance lease of S\$0.02 million and partially offset by refund of fixed deposits pledged of S\$0.08 million.

As at 30 June 2017, the Group's cash and cash equivalents amounted to S\$9.89 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed.

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.

With governments worldwide stepping up on efforts to counter against cyberattacks and terrorism acts, the Group expects its main growth drivers namely cyber security, homeland security, mobile forensics and security guarding to continue to propel its business growth both locally and in the region. The expansion will be fuelled by the proactive approach that organisations will undertake to mitigate risk exposures under new compliance guidelines.

The Group continues to explore suitable prospects to complement and strengthen its existing security outfit, through acquisitions, joint ventures or strategic alliances, both locally and through overseas expansion.

The Group will continue to focus on improving work flow processes, manpower utilisation, information technology applications and drive automation to increase productivity and efficiency and lower operating costs.

11. Dividend

(a) Any dividend declared for the current financial period reported on?

Nil

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

Nil

(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 declared or recommended by the board of directors (“**Directors**” or “**Board**”) of the Company.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for interested person transactions. There were no interested person transactions of S\$100,000 or more for Q2 FY2017.

14. Confirmation by the issuer pursuant to Rule 720(1)

The Company has procured the undertakings from all its Directors and executive officers as required under Rule 720(1) of the Catalist Rules.

15. Negative confirmation by the board pursuant to Rule 705(5)

To the best knowledge of the Board, nothing has come to the attention of the Board which may render the financial results for Q2 FY2017 and H1 FY2017 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Paul Lim Choon Wui
Chief Executive Officer

02 August 2017

Lim Siok Leng
Chief Financial Officer