



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 30 JUNE 2018**

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.

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

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

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 FY2018 S\$'000	Q2 FY2017 S\$'000	Increase/ (Decrease) %	H1 FY2018 S\$'000	H1 FY2017 S\$'000	Increase/ (Decrease) %
Revenue	11,302	10,728	5.4	21,681	20,265	7.0
Cost of sales	(9,196)	(8,790)	4.6	(17,637)	(16,480)	7.0
Gross profit	2,106	1,938	8.7	4,044	3,785	6.8
Other operating income	352	462	(23.8)	769	829	(7.2)
Distribution and selling expenses	(387)	(729)	(46.9)	(861)	(1,412)	(39.0)
Administrative expenses	(1,386)	(1,720)	(19.4)	(2,535)	(3,490)	(27.4)
Finance cost	(72)	(84)	(14.3)	(136)	(139)	(2.2)
Share of results of joint ventures and associate	29	16	81.3	49	26	88.5
Profit/(loss) before tax	642	(117)	NM	1,330	(401)	NM
Income tax (expense)/credit	(59)	23	NM	(182)	8	NM
Profit/(loss) for the period	583	(94)	NM	1,148	(393)	NM
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	5	(29)	NM	(42)	8	NM
Share of foreign currency translation of joint venture and associate	(2)	–	NM	1	–	NM
Total comprehensive income for the period	586	(123)	NM	1,107	(385)	NM
Profit/(loss) for the period attributable to:						
Owners of the Company	589	(45)	NM	1,153	(302)	NM
Non-controlling interests	(6)	(49)	(87.8)	(5)	(91)	(94.5)
	583	(94)	NM	1,148	(393)	NM
Total comprehensive income attributable to:						
Owners of the Company	592	(74)	NM	1,112	(294)	NM
Non-controlling interests	(6)	(49)	(87.8)	(5)	(91)	(94.5)
	586	(123)	NM	1,107	(385)	NM

NM: Not meaningful

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 FY2018 S\$'000	Q2 FY2017 S\$'000	Increase/ (Decrease) %	H1 FY2018 S\$'000	H1 FY2017 S\$'000	Increase/ (Decrease) %
Government grant income	236	254	(7.1)	481	421	14.3
Depreciation of property, plant and equipment	(521)	(497)	4.8	(1,027)	(964)	6.5
Amortisation of intangible assets	(54)	(140)	(61.4)	(109)	(195)	(44.1)
Gain on disposal of property, plant and equipment	–	7	NM	–	5	NM
Write back of allowance for doubtful debts, net	37	30	23.3	27	30	(10.0)
Interest income	24	17	41.2	39	41	(4.9)
Finance cost	(72)	(84)	(14.3)	(136)	(139)	(2.2)
Foreign exchange gain/(loss), net	24	(6)	NM	93	(99)	NM

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 30/06/2018 S\$'000	As at 31/12/2017 S\$'000	As at 30/06/2018 S\$'000	As at 31/12/2017 S\$'000
Non-current assets				
Property, plant and equipment	28,888	32,924	15,335	15,437
Investment property	564	–	2,819	2,864
Intangible assets	1,541	1,650	–	–
Investment in subsidiaries	–	–	22,134	21,434
Investment in joint ventures	883	857	–	–
Investment in associates	7,035	7,014	6,221	6,221
Trade and other receivables	9	9	–	–
	38,920	42,454	46,509	45,956
Current assets				
Asset held for sale	2,412	–	–	–
Inventories	1,042	1,302	–	–
Trade and other receivables	9,724	9,491	83	13
Prepaid operating expenses	398	558	56	20
Amounts due from subsidiaries	–	–	4,249	5,170
Amount due from a joint venture	36	56	–	–
Cash and cash equivalents	10,840	9,842	6,283	5,652
	24,452	21,249	10,671	10,855
Current liabilities				
Trade and other payables	3,225	4,056	451	368
Deferred revenue	545	911	–	–
Accrued operating expenses	1,661	1,617	188	393
Finance lease	100	100	–	–
Bank loan	833	833	833	833
Amount due to a joint venture	35	60	–	–
Amount due to subsidiaries	–	–	1,299	–
Income tax payable	296	67	–	–
	6,695	7,644	2,771	1,594
Net current assets	17,757	13,605	7,900	9,261
Non-current liabilities				
Finance lease	198	248	–	–
Bank loan	10,273	10,636	10,273	10,636
Deferred tax liabilities	910	969	–	–
	11,381	11,853	10,273	10,636
Net assets	45,296	44,206	44,136	44,581
Equity				
Share capital	61,644	61,644	61,644	61,644
Merger reserve	(16,291)	(16,291)	–	–
Foreign currency translation reserve	(124)	(82)	–	–
Employee share option reserve	313	281	303	271
Accumulated losses	(361)	(1,465)	(17,811)	(17,334)
	45,181	44,087	44,136	44,581
Non-controlling interests	115	119	–	–
Total equity	45,296	44,206	44,136	44,581

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

As at 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
933	–	933	–

Amount repayable after one year

As at 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,471	–	10,884	–

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 ("**Alexandra Property**") 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 FY2018 S\$'000	Q2 FY2017 S\$'000	H1 FY2018 S\$'000	H1 FY2017 S\$'000
Cash flows from operating activities:				
Profit/(loss) before tax	642	(117)	1,330	(401)
Adjustments for:				
Depreciation of property, plant and equipment	521	497	1,027	964
Amortisation of intangible assets	54	140	109	195
Gain on disposal of property, plant and equipment	–	(7)	–	(5)
Write back of allowance for doubtful debts, net	(37)	(30)	(27)	(30)
Interest income	(24)	(17)	(39)	(41)
Receipt and recognition of deferred revenue, net	(161)	70	(365)	(63)
Share of results of joint ventures and associate	(29)	(16)	(49)	(26)
Unrealised exchange loss/(gain), net	7	(38)	(59)	11
Finance cost	72	84	136	139
Grant of equity-settled share options to employees	21	56	32	127
Operating cash flows before working capital changes	1,066	622	2,095	870
Decrease in inventories	745	127	260	114
Increase in trade and other receivables	(1,440)	(1,073)	(590)	(775)
Decrease/(increase) in prepaid operating expenses	227	(147)	161	(378)
Increase in amount due from a joint venture	(5)	(30)	(5)	(27)
(Decrease)/increase in trade and other payables	(926)	765	(833)	(509)
Increase in accrued operating expenses	318	30	44	10
Cash flows (used in)/from operations	(15)	294	1,132	(695)
Interest received	24	16	39	47
Interest paid	(72)	(84)	(136)	(139)
Tax paid	(5)	(71)	(12)	(72)
Net cash flows (used in)/from operating activities	(68)	155	1,023	(859)
Investing activities:				
Proceeds from disposal of property, plant and equipment	–	13	150	18
Purchase of property, plant and equipment	(54)	(891)	(104)	(1,700)
Dividend income from a joint venture	–	–	–	30
Net cash outflow from acquisition of an associate	–	(6,221)	–	(6,221)
Net cash flows (used in)/from investing activities	(54)	(7,099)	46	(7,873)
Financing activities:				
Decrease in fixed deposits pledged	–	77	334	423
Dividend paid on ordinary shares	–	(1,200)	–	(1,200)
Repayment of finance lease	(25)	(22)	(50)	(34)
Repayment of amount due to a non-controlling interest	–	–	–	(26)
Repayment of bank loan	(180)	(183)	(362)	(367)
Net cash flows used in financing activities	(205)	(1,328)	(78)	(1,204)
Net (decrease)/increase in cash and cash equivalents	(327)	(8,272)	991	(9,936)
Effect of exchange rate changes on cash and cash equivalents	2	–	7	–
Cash and cash equivalents at beginning of period/year	11,165	18,165	9,842	19,829
Cash and cash equivalents at end of period	10,840	9,893	10,840	9,893

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)	(Accumulated losses) (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
At 1 January 2018 (as previously stated)	61,644	(16,291)	(82)	281	(1,465)	119	44,206
Effect of SFRS(I) 9 Adjustment *	–	–	–	–	(49)	–	(49)
At 1 January 2018 (as restated)	61,644	(16,291)	(82)	281	(1,514)	119	44,157
Profit for the period	–	–	–	–	564	1	565
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	(47)	–	–	–	(47)
Share of foreign currency translation of joint venture and associate	–	–	2	–	–	1	3
Other comprehensive income for the period, net of tax	–	–	(45)	–	–	1	(44)
Total comprehensive income for the period	–	–	(45)	–	564	2	521
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	11	–	–	11
At 31 March 2018	61,644	(16,291)	(127)	292	(950)	121	44,689
Profit for the period	–	–	–	–	589	(6)	583
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	5	–	–	–	5
Share of foreign currency translation of joint venture and associate	–	–	(2)	–	–	–	(2)
Other comprehensive income for the period, net of tax	–	–	3	–	–	–	3
Total comprehensive income for the period	–	–	3	–	589	(6)	586
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	21	–	–	21
At 30 June 2018	61,644	(16,291)	(124)	313	(361)	115	45,296

* The Group has adopted SFRS(I) 9 Financial Instruments and has adjusted its financial statements beginning 1 January 2018 to reflect expected credit losses on trade and other receivables amounting to S\$49,000.

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 purchase price allocation of Red Sentry Pte Ltd in Q2 FY2017

Company	Share capital S\$'000	Employee share option reserve S\$'000	(Accumulated losses) S\$'000	Total Equity S\$'000
At 1 January 2018	61,644	271	(17,334)	44,581
Loss for the period, representing total comprehensive income for the period	–	–	(202)	(202)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	11	–	11
At 31 March 2018	61,644	282	(17,536)	44,390
Loss for the period, representing total comprehensive income for the period	–	–	(275)	(275)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	21	–	21
At 30 June 2018	61,644	303	(17,811)	44,136

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

- 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 2018 and 31 March 2018	400,000,000	61,644,000

There were 224,000,000 warrants outstanding as at 30 June 2018 and 30 June 2017, each warrant carrying the right to subscribe for one share at the exercise price of S\$0.35 per share and 9,600,000 share options outstanding under the Secura Employee Share Option Scheme as at 30 June 2018. (30 June 2017: 18,400,000 share options).

As at 30 June 2018 and 30 June 2017, 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 30/06/18	As at 31/12/17
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 adopted Singapore Financial Reporting Framework (International) ("**SFRS(I)**"), a new financial reporting framework identical to International Financial Reporting Standards on 1 January 2018.

- 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.**

Other than the impact on the adoption of SFRS(I) 9 as described on page 6 of this announcement, the adoptions of SFRS(I) has no material impact on the financial statements of the Group.

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 FY2018	Q2 FY2017	H1 FY2018	H1 FY2017
Profit/(loss) attributable to owners of the Company (S\$'000)	589	(45)	1,153	(302)
Weighted average number of shares ('000)	400,000	400,000	400,000	400,000
Basic and diluted EPS based on weighted average number of shares (cents)	0.15	(0.01)	0.29	(0.08)

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 30/06/18	As at 31/12/17	As at 30/06/18	As at 31/12/17
Net asset value (S\$'000)	45,181	44,087	44,136	44,581
Number of shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	11.30	11.02	11.03	11.15

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 5.4% or S\$0.57 million, from S\$10.73 million in Q2 FY2017 to S\$11.30 million in Q2 FY2018 mainly due to the following:

- (1) increase in revenue of S\$1.19 million or 20.8% from the security guarding segment as a result of securing more contracts and increase in average selling price;
- (2) increase in revenue of S\$0.54 million or 60.5% from the digital forensic and homeland security segment mainly due to securing of new overseas contract; and
- (3) revenue contribution of S\$0.12 million from our training academy which was incorporated in March 2017.

These were partially offset by the following:

- (1) decrease in revenue of S\$0.44 million or 17.1% from the security printing segment mainly due to decrease in demand for commercial printing products;
- (2) decrease in revenue of S\$0.60 million or 66.5% from the cyber security segment due to the streamlining of represented products and services; and
- (3) decrease in revenue of S\$0.25 million or 46.4% from the system integration segment.

Cost of sales

Cost of sales increased by 4.6% or S\$0.41 million, from S\$8.79 million in Q2 FY2017 to S\$9.20 million in Q2 FY2018, in line with the increase in revenue.

Gross profit

In line with the increase in revenue, gross profit increased by 8.7% or S\$0.17 million, from S\$1.94 million in Q2 FY2017 to S\$2.11 million in Q2 FY2018. Gross profit margin remained fairly constant at 18.6% in Q2 FY2018 and 18.1% in Q2 FY2017.

Other operating income

Other operating income decreased by 23.8% or S\$0.11 million, from S\$0.46 million in Q2 FY2017 to S\$0.35 million in Q2 FY2018 mainly due to the absence of one-off government grant of S\$0.09 million.

Distribution and selling expenses

Distribution and selling expenses decreased by 46.9% or S\$0.34 million, from S\$0.73 million in Q2 FY2017 to S\$0.39 million in Q2 FY2018 mainly due to reduced staff cost resulting from the Group's corporate reorganisation efforts which commenced in the last quarter of FY2017.

Administrative expenses

Administrative expenses decreased by 19.4% or S\$0.33 million, from S\$1.72 million in Q2 FY2017 to S\$1.39 million in Q2 FY2018, mainly due to the Group's efforts on cost control measures and streamlining of its business operations.

Profit attributable to owners of the Company

The Group generated net profit attributable to owners of the Company of S\$0.59 million in Q2 FY2018 (Q2 FY2017: loss of S\$0.05 million) mainly due to improvement in revenue and cost savings from its corporate reorganisation efforts.

REVIEW OF THE GROUP'S FINANCIAL POSITIONNon-current assets

The Group's non-current assets decreased by 8.3% or S\$3.53 million, from S\$42.45 million as at 31 December 2017 to S\$38.92 million as at 30 June 2018 mainly due to the amortisation of intangible asset in relation to customer relationships, depreciation charged on property, plant and equipment and the reclassification of its land and buildings in Malaysia from property, plant and equipment to asset held for sale, following the sales offer made on these properties. Please refer to the Company's announcement dated 8 June 2018 for further details on the disposal of these properties. The increase in investment property of S\$0.56 million was due to the reclassification of part of the Alexandra Property from property, plant and equipment to investment property, as the Group leased part of the property out to a third party in Q2 FY2018.

Current assets

The Group's current assets increased by 15.1% or S\$3.20 million, from S\$21.25 million as at 31 December 2017 to S\$24.45 million as at 30 June 2018 mainly due to the following:

- (1) reclassification of land and buildings in Malaysia from property, plant and equipment to asset held for sale;
- (2) increase in trade and other receivables of S\$0.23 million in line with the increase in sales; and
- (3) increase in cash and cash equivalents of S\$1.00 million mainly due to collections from trade debtors and refund of fixed deposits pledged for security guarding contracts.

These were partially offset by a decrease in inventories of S\$0.26 million resulting from higher turnover of digital forensic products and decrease in prepaid operating expenses of S\$0.16 million.

Current liabilities

The Group's current liabilities decreased by 12.4% or S\$0.95 million, from S\$7.64 million as at 31 December 2017 to S\$6.70 million as at 30 June 2018 mainly due to decrease in trade and other payables of S\$0.83 million and decrease in deferred revenue of S\$0.37 million, partially offset by increase in income tax provision of S\$0.23 million.

Non-current liabilities

The Group's non-current liabilities decreased by 4.0% or S\$0.47 million, from S\$11.85 million as at 31 December 2017 to S\$11.38 million as at 30 June 2018 mainly due to repayment of bank loan and finance lease of S\$0.36 million and S\$0.05 million respectively, and decrease in provision for deferred tax liabilities of S\$0.06 million.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

We generated operating cash flows before working capital changes of S\$1.07 million for Q2 FY2018. Net cash used in working capital amounted to S\$1.08 million mainly due to increase in trade and other receivables of S\$1.44 million and decrease in trade and other payables of S\$0.93 million, partially offset by decrease in inventories of S\$0.75 million, decrease in prepaid operating expenses of S\$0.23 million and increase in accrued operating expenses of S\$0.32 million. Net cash used in operating activities for Q2 FY2018 amounted to S\$0.07 million.

Net cash used in investing activities for Q2 FY2018 amounted to S\$0.05 million due to the addition of property, plant and equipment.

Net cash used in financing activities for Q2 FY2018 amounted to S\$0.21 million. This was due to repayment of bank loan and finance lease of S\$0.18 million and S\$0.03 million respectively.

As at 30 June 2018, the Group's cash and cash equivalents amounted to S\$10.84 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.

The Group seeks to continue its momentum in the strengthening of its core businesses; for the security guarding business, it forges ahead not with increasing manpower count but with systems integration and technologies which provide better margins in the longer term. The Group also capitalises on its network to extend its distribution of security solutions in the region and expects to grow its digital forensic and homeland security segments significantly. The training arm made good progress with increased subscription for its courses and the Group will work towards rolling out more training modules. Revenue from security printing has come off substantially in line with the smart nation drive for digital transformation. Barring unforeseen circumstances, management believes that the decline in security printing business may be mitigated by growth in security guarding, training academy and cyber security product sales.

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 FY2018.

14. Use of IPO proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$26.1 million (the "Net Proceeds"). As at the date of this announcement, the Net Proceeds have been utilised as follows:

Purpose	Allocation of Net Proceeds (as announced on 24 July 2017) (S\$'000)	Net Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expand cyber security, technology and systems integration business	14,800	(9,498)	5,302
Enhance and upgrade security printing equipment	1,000	(1,000)	–
Corporate infrastructure improvements	4,000	(4,000)	–
General working capital purposes	6,300	(6,005)	295
	<u>26,100</u>	<u>(20,503)</u>	<u>5,597</u>

15. 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.

16. 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 FY2018 and H1 FY2018 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Ho Tat Kin
Chairman and Independent Director

Lim Siok Leng
Chief Financial Officer

01 August 2018