



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 30 JUNE 2019**

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.

The contact person for the Sponsor is Mr. Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.



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 2019

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 FY2019 S\$'000	Q2 FY2018 S\$'000	Increase/ (Decrease) %	H1 FY2019 S\$'000	H1 FY2018 S\$'000	Increase/ (Decrease) %
Revenue	9,694	11,302	(14.2)	19,904	21,681	(8.2)
Cost of sales	(8,510)	(9,218)	(7.7)	(16,896)	(17,682)	(4.4)
Gross profit	1,184	2,084	(43.2)	3,008	3,999	(24.8)
Other operating income	389	352	10.5	740	769	(3.8)
Distribution and selling expenses	(421)	(387)	8.8	(889)	(861)	3.3
Administrative expenses	(1,311)	(1,364)	(3.9)	(2,440)	(2,490)	(2.0)
Finance cost	(90)	(72)	25.0	(183)	(136)	34.6
Share of results of joint ventures and associates	19	29	(34.5)	38	49	(22.4)
(Loss)/profit before tax	(230)	642	NM	274	1,330	(79.4)
Income tax expense	-	(59)	NM	(58)	(182)	(68.1)
(Loss)/profit for the period	(230)	583	NM	216	1,148	(81.2)
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	-	5	NM	-	(42)	NM
Share of foreign currency translation of joint ventures and associates	(1)	(2)	(50.0)	(1)	1	NM
Total comprehensive income for the period	(231)	586	NM	215	1,107	(80.6)
(Loss)/profit for the period attributable to:						
Owners of the Company	(231)	589	NM	216	1,153	(81.3)
Non-controlling interests	1	(6)	NM	-	(5)	NM
	(230)	583	NM	216	1,148	(81.2)
Total comprehensive income attributable to:						
Owners of the Company	(232)	592	NM	216	1,112	(80.6)
Non-controlling interests	1	(6)	NM	(1)	(5)	(80.0)
	(231)	586	NM	215	1,107	(80.6)

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 FY2019 S\$'000	Q2 FY2018 S\$'000	Increase/ (Decrease) %	H1 FY2019 S\$'000	H1 FY2018 S\$'000	Increase/ (Decrease) %
Government grant income	194	236	(17.8)	395	481	(17.9)
Depreciation of property, plant and equipment	(482)	(521)	(7.5)	(972)	(1,027)	(5.4)
Amortisation of intangible assets	(54)	(54)	NM	(109)	(109)	NM
Amortisation of right-of-use assets	(46)	–	NM	(79)	–	NM
Loss on disposal of property, plant and equipment	–	–	NM	(4)	–	NM
Write back of financial assets	32	37	(13.5)	34	27	25.9
Interest income	59	24	145.8	107	39	174.4
Finance cost on bank borrowing and finance lease	(85)	(72)	18.1	(165)	(136)	21.3
Finance cost on the right-of-use assets	(5)	–	NM	(18)	–	NM
Grant of equity-settled share options to employees	12	21	(42.9)	4	32	(87.5)
Foreign exchange (loss)/gain, net	(36)	24	NM	(10)	93	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 30/06/2019 S\$'000	As at 31/12/2018 S\$'000	As at 30/06/2019 S\$'000	As at 31/12/2018 S\$'000
Non-current assets				
Property, plant and equipment	27,362	27,951	15,076	15,120
Right-of-use assets	1,096	–	–	–
Investment property	546	555	2,729	2,774
Intangible assets	1,323	1,432	–	–
Investment in subsidiaries	–	–	23,934	23,934
Investment in joint ventures	898	909	–	–
Investment in associates	6,752	6,752	6,221	6,221
Deferred tax asset	–	–	262	240
Trade and other receivables	2	2	–	–
	37,979	37,601	48,222	48,289
Current assets				
Inventories	3,052	3,312	–	–
Trade and other receivables	8,789	8,856	164	160
Contract assets	417	313	–	–
Tax recoverable	–	–	–	–
Prepaid operating expenses	398	265	60	15
Amounts due from subsidiaries	–	–	1,058	1,702
Amount due from a joint venture	–	72	–	–
Cash and cash equivalents	14,054	13,853	7,008	7,752
	26,710	26,671	8,290	9,629
Current liabilities				
Trade and other payables	4,917	4,302	450	270
Contract liabilities	242	356	–	–
Accrued operating expenses	1,409	1,400	262	280
Lease liabilities	228	100	–	–
Bank loan	833	833	833	833
Amount due to a joint venture	185	27	–	–
Amount due to subsidiaries	–	–	851	552
Income tax payable	605	466	–	–
	8,419	7,484	2,396	1,935
Net current assets	18,291	19,187	5,894	7,694
Non-current liabilities				
Lease liabilities	1,076	148	–	–
Bank loan	9,565	9,920	9,565	9,920
Deferred tax liabilities	529	640	–	–
	11,170	10,708	9,565	9,920
Net assets	45,100	46,080	44,551	46,063
Equity				
Share capital	61,645	61,644	61,645	61,644
Merger reserve	(16,291)	(16,291)	–	–
Foreign currency translation reserve	(88)	(87)	–	–
Employee share option reserve	351	347	341	337
(Accumulated losses)/ retained earnings	(632)	352	(17,435)	(15,918)
	44,985	45,965	44,551	46,063
Non-controlling interests	115	115	–	–
Total equity	45,100	46,080	44,551	46,063

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

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,061 *	–	933	–

Amount repayable after one year

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,641 *	–	10,068	–

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.

* The Group has adopted Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 16 *Leases* on 1 January 2019. On the date of adoption, right-of-use assets and lease liabilities which amounted to S\$1.1 million were recognised.

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 FY2019 S\$'000	Q2 FY2018 S\$'000	H1 FY2019 S\$'000	H1 FY2018 S\$'000
Cash flows from operating activities:				
(Loss)/profit before tax	(230)	642	274	1,330
Adjustments for:				
Depreciation of property, plant and equipment	482	521	972	1,027
Amortisation of intangible assets	54	54	109	109
Amortisation of right-of-use assets	46	–	79	–
Loss on disposal of property, plant and equipment	–	–	4	–
Write back on financial assets	(32)	(37)	(34)	(27)
Interest income	(59)	(24)	(107)	(39)
Share of results of joint ventures and associates	(19)	(29)	(38)	(49)
Unrealised exchange loss/(gain), net	35	7	18	(59)
Finance cost on bank borrowing and finance lease	85	72	165	136
Finance cost on the right-of-use assets	5	–	18	–
Grant of equity-settled share options to employees	12	21	4	32
Operating cash flows before working capital changes	379	1,227	1,464	2,460
Decrease in inventories	27	745	262	260
Decrease/(increase) in trade and other receivables	569	(1,440)	25	(590)
Decrease/(increase) in prepaid operating expenses	83	227	(133)	161
Increase/(decrease) in amount due to a joint venture	287	(5)	261	(5)
Increase/(decrease) in trade and other payables and contract liabilities	358	(1,087)	501	(1,198)
(Decrease)/increase in accrued operating expenses	(95)	318	8	44
Cash flows generated from/(used in) operations	1,608	(15)	2,388	1,132
Interest received	1	24	49	39
Interest paid	(90)	(72)	(183)	(136)
Tax paid	(28)	(5)	(29)	(12)
Net cash flows generated from/(used in) operating activities	1,491	(68)	2,225	1,023
Investing activities:				
Proceeds from disposal of property, plant and equipment	1	–	1	150
Purchase of property, plant and equipment	(361)	(54)	(379)	(104)
Dividend income from a joint venture	49	–	49	–
Net cash flows (used in)/generated from investing activities	(311)	(54)	(329)	46
Financing activities:				
Issuance of shares	–	–	1	–
Decrease in fixed deposits pledged	–	–	–	334
Dividend paid on ordinary shares	(1,200)	–	(1,200)	–
Repayment of leases	(63)	(25)	(120)	(50)
Repayment of bank loan	(176)	(180)	(355)	(362)
Net cash flows used in financing activities	(1,439)	(205)	(1,674)	(78)
Net (decrease)/increase in cash and cash equivalents	(259)	(327)	222	991
Effect of exchange rate changes on cash and cash equivalents	(37)	2	(21)	7
Cash and cash equivalents at beginning of period/year	14,350	11,165	13,853	9,842
Cash and cash equivalents at end of period	14,054	10,840	14,054	10,840

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/ (Accumulated losses) (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
At 1 January 2019	61,644	(16,291)	(87)	347	352	115	46,080
Profit for the period	–	–	–	–	447	(1)	446
<u>Contributions by and distributions to owners</u>							
Issuance of shares	1	–	–	–	–	–	1
Grant of equity-settled share options to employees	–	–	–	(8)	–	–	(8)
At 31 March 2019	61,645	(16,291)	(87)	339	799	114	46,519
Profit for the period	–	–	–	–	(231)	1	(230)
<u>Other comprehensive income</u>							
Share of foreign currency translation of joint ventures and associates	–	–	(1)	–	–	–	(1)
Other comprehensive income for the period, net of tax	–	–	(1)	–	–	–	(1)
Total comprehensive income for the period	–	–	(1)	–	(231)	1	(231)
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	–	–	–	–	(1,200)	–	(1,200)
Grant of equity-settled share options to employees	–	–	–	12	–	–	12
At 30 June 2019	61,645	(16,291)	(88)	351	(632)	115	45,100

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 (FRS Framework)	61,644	(16,291)	(82)	281	(1,465)	119	44,206
Effect of SFRS(I) adoption *	–	–	–	–	(49)	–	(49)
At 1 January 2018 (SFRS(I) Framework)	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.

Company	Share capital S\$'000	Employee share option reserve S\$'000	(Accumulated losses) S\$'000	Total Equity S\$'000
At 1 January 2019	61,644	337	(15,918)	46,063
Loss for the period, representing total comprehensive income for the period	–	–	(109)	(109)
<u>Contributions by and distributions to owners</u>				
Issuance of shares	1	–	–	1
Grant of equity-settled share options to employees	–	(8)	–	(8)
At 31 March 2019	61,645	329	(16,027)	45,947
Loss for the period, representing total comprehensive income for the period	–	–	(208)	(208)
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	–	–	(1,200)	(1,200)
Grant of equity-settled share options to employees	–	12	–	12
At 30 June 2019	61,645	341	(17,435)	44,551
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

- 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 of the immediately preceding financial year.**

	Number of shares	Issued and paid-up share capital S\$
As at 31 March 2019 and 30 June 2019	400,002,000	61,644,700

There were no outstanding warrants as at 30 June 2019 (30 June 2018: 224,000,000 warrants outstanding, each warrant carrying the right to subscribe for one share at the exercise price of S\$0.35 per share). There were 8,400,000 share options outstanding under the Secura Employee Share Option Scheme as at 30 June 2019 (30 June 2018: 9,600,000 share options).

As at 30 June 2019 and 30 June 2018, 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 30/06/19	As at 31/12/18
Total number of issued shares excluding treasury shares	400,002,000	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.

Other than adoption of the new and revised SFRS(I) which took effect from the current financial year, the accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year.

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 SFRS(I) 16 which took effect in the current financial year. Under SFRS(I) 16, the Group is required to recognise on the balance sheet a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Group is also required to separately recognise the interest expense on the lease liability and depreciation expense on the right-of-use asset. The adoption has resulted in increases in total assets, total liabilities, amortisation expense and finance cost.

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 FY2019	Q2 FY2018	H1 FY2019	H1 FY2018
(Loss)/profit attributable to owners of the Company (S\$'000)	(231)	589	216	1,153
Weighted average number of shares ('000)	400,002	400,000	400,002	400,000
Basic and diluted EPS based on weighted average number of shares (cents)	(0.06)	0.15	0.05	0.29

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 30/06/19	As at 31/12/18	As at 30/06/19	As at 31/12/18
Net asset value (S\$'000)	44,985	45,965	44,551	46,063
Number of shares ('000)	400,002	400,000	400,002	400,000
Net asset value per share (cents)	11.25	11.49	11.14	11.52

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 decreased by 14.2% or S\$1.61 million, from S\$11.30 million in Q2 FY2018 to S\$9.69 million in Q2 FY2019 mainly due to the following:

- (1) decrease in revenue of S\$0.15 million or 7.0% from the security printing segment due to decrease in demand for printed products with nation-wide initiatives to go paperless;
- (2) decrease in revenue of S\$0.21 million or 3.0% from the security guarding segment due to the expiry of certain contracts;
- (3) decrease in revenue of S\$0.20 million or 66.5% from the cyber security segment due to non-renewal of licenses and decrease in maintenance income; and
- (4) decrease in revenue of S\$1.39 million or 96.4% from the digital forensic segment due to absence of one-off sales from an overseas contract of \$1.3 million compared to Q2 FY2018.

These were partially offset by the following:

- (1) increase in revenue of S\$0.14 million or 49.6% from the increase in sales of system integration projects; and
- (2) increase in revenue of S\$0.20 million or 178.0% from the provision of security consultancy services.

Cost of sales

Cost of sales decreased by 7.7% or S\$0.71 million, from S\$9.22 million in Q2 FY2018 to S\$8.51 million in Q2 FY2019, in line with the decrease in revenue.

Gross profit

Gross profit decreased by 43.2% or S\$0.90 million, from S\$2.08 million in Q2 FY2018 to S\$1.18 million in Q2 FY2019. Gross profit margin decreased from 18.4% in Q2 FY2018 to 12.2% in Q2 FY2019 mainly due to price pressure from the system integration projects, increase in liquidated damages for the security guarding segment due to shortage of manpower and the absence of one-off sales from the digital forensic segment in Q2 FY2018 which has yielded higher gross profit margin.

Other operating income

Other operating income increased by 10.5% or S\$0.04 million, from S\$0.35 million in Q2 FY2018 to S\$0.39 million in Q2 FY2019 mainly due to increase in interest income from placement of fixed deposits and write back of impairment loss on financial assets, partially offset by a reduction in government grants.

Distribution and selling expenses

Distribution and selling expenses increased by 8.8% or S\$0.03 million, from S\$0.39 million in Q2 FY2018 to S\$0.42 million in Q2 FY2019 mainly due to increase in staff headcount.

Administrative expenses

Administrative expenses decreased by 3.9% or S\$0.05 million, from S\$1.36 million in Q2 FY2018 to S\$1.31 million in Q2 FY2019, mainly due to the Group's efforts on cost control measures.

Finance cost

Finance cost largely relates to bank borrowings incurred for the financing of the Alexandra Property. Finance cost increased by 25.0% or S\$0.02 million, from S\$0.07 million in Q2 FY2018 to S\$0.09 million in Q2 FY2019 due to an increase in borrowing rates and the effects of adoption of SFRS(I) 16 *Leases*; amortisation of interest on lease liabilities amounted to S\$0.01 million.

Share of results of joint ventures and associates

Share of results of joint ventures and associates decreased by 34.5% or S\$ 0.01 million, due to lower contribution from the associate – Secura Bangladesh Ltd.

Loss attributable to owners of the Company

The Group incurred net loss attributable to owners of the Company of S\$0.23 million in Q2 FY2019 as compared to profit attributable to owners of the Company of S\$0.59 million in Q2 FY2018, mainly due to reduction in revenue and gross profit margin as explained above.

REVIEW OF THE GROUP'S FINANCIAL POSITIONNon-current assets

The Group's non-current assets increased by 1.0% or S\$0.38 million, from S\$37.60 million as at 31 December 2018 to S\$37.98 million as at 30 June 2019 mainly due to the capitalisation of operating lease as right-of-use assets upon adoption of SFRS(I) 16 *Leases* and the additions of property, plant and equipment. This was partially offset by the amortisation of intangible asset in relation to customer relationships and depreciation charged to property, plant and equipment.

Current assets

The Group's current assets increased by 0.1% or S\$0.04 million, from S\$26.67 million as at 31 December 2018 to S\$26.71 million as at 30 June 2019 mainly due to the following:

- (1) increase in cash and cash equivalents of S\$0.20 million mainly due to improved operational cash flow;
- (2) increase in prepaid operating expenses of S\$0.13 million; and
- (3) increase in contract assets of S\$0.1 million.

These were partially offset by a decrease in inventories of S\$0.26 million and trade and other receivables of S\$0.07 million.

Current liabilities

The Group's current liabilities increased by 12.5% or S\$0.94 million, from S\$7.48 million as at 31 December 2018 to S\$8.42 million as at 30 June 2019 mainly due to increase in trade and other payables of S\$0.62 million, lease liabilities of S\$0.13 million, amount due to joint venture of S\$0.16 million and income tax provision of S\$0.14 million, partially offset by reduction in contract liabilities of S\$0.11 million.

Non-current liabilities

The Group's non-current liabilities increased by 4.3% or S\$0.46 million, from S\$10.71 million as at 31 December 2018 to S\$11.17 million as at 30 June 2019 mainly due to the recognition of lease liabilities of the Group's operating lease upon adoption of SFRS(I) 16 *Leases*. This was partially offset by repayment of bank loans and lease liabilities, as well as a reduction in deferred tax liabilities.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

We generated operating cash flows before working capital changes of S\$0.38 million for Q2 FY2019. Net cash generated from working capital amounted to S\$1.23 million mainly due to decrease in trade and other receivables of S\$0.57 million, decrease in prepaid operating expenses of S\$0.08 million, increase in amount due to a joint venture of S\$0.29 million and increase in trade and other payables and contract liabilities of S\$0.36 million, partially offset by decrease in accrued operating expenses of S\$0.10 million. We paid interest and tax of S\$0.09 million and S\$0.03 million respectively for Q2 FY2019. As a result, net cash generated from operating activities for Q2 FY2019 amounted to S\$1.49 million.

Net cash used in investing activities for Q2 FY2019 amounted to S\$0.31 million due to the addition of property, plant and equipment of S\$0.36 million, partially offset by the receipt of dividend income from our joint venture of S\$0.05 million.

Net cash used in financing activities for Q2 FY2019 amounted to S\$1.44 million. This was due to dividend payment of S\$1.20 million, as well as repayment of bank loan and leases of S\$0.18 million and S\$0.06 million respectively.

As at 30 June 2019, the Group's cash and cash equivalents amounted to S\$14.05 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.

Our business environment for the security guarding segment is challenging as we comply with industry guidelines on progressive wage, job training and tightened work hours. We do not foresee shortage in manpower to be easing in the near term and will continue to push for the introduction of technology in the physical surveillance work place to improve productivity in deployment on the ground. With the introduction and implementation of more technology, we anticipate an increase in demand for system integration jobs in the next twelve months.

In addition, we have received increase in orders for digital forensic products for delivery in the third quarter. The outlook remains volatile and we will manage the business objectives for long term sustainability and profitability.

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) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) Date payable

Not applicable

(e) Date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividends are determined.

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended by the board of directors (“**Board**” or “**Directors**”) of the Company in respect of Q2 FY2019. The Group intends to redeploy its cash reserves for the purposes of the Group’s development and operations.

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 FY2019.

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 25 July 2019) (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	13,300	(9,498)	3,802
Enhance and upgrade security printing equipment	1,000	(1,000)	–
Corporate infrastructure improvements	5,500	(5,500)	–
General working capital purposes	6,300	(6,005)	295
	26,100	(22,003)	4,097

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 FY2019 and H1 FY2019 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Kan Kheong Ng
Chief Executive Officer

Lim Siok Leng
Chief Financial Officer

01 August 2019