



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019**

This announcement has been prepared by Secura Group Limited (the "**Company**") and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		
	Q3 FY2019 S\$'000	Q3 FY2018 S\$'000	Increase/ (Decrease) %	9M FY2019 S\$'000	9M FY2018 S\$'000	Increase/ (Decrease) %
Revenue	9,689	10,037	(3.5)	29,593	31,718	(6.7)
Cost of sales	(8,069)	(8,127)	(0.7)	(24,965)	(25,764)	(3.1)
Gross profit	1,620	1,910	(15.2)	4,628	5,954	(22.3)
Other operating income	538	445	20.9	1,278	1,214	5.3
Distribution and selling expenses	(362)	(471)	(23.1)	(1,251)	(1,332)	(6.1)
Administrative expenses	(1,390)	(1,156)	20.2	(3,830)	(3,691)	3.8
Finance cost	(66)	(78)	(15.4)	(249)	(214)	16.4
Share of results of joint ventures and associates	3	55	(94.5)	41	104	(60.6)
Profit before tax	343	705	(51.3)	617	2,035	(69.7)
Income tax expense	(81)	(176)	(54.0)	(139)	(358)	(61.2)
Profit for the period	262	529	(50.5)	478	1,677	(71.5)
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	–	39	NM	–	(3)	NM
Share of foreign currency translation of joint ventures and associates	–	(6)	NM	(1)	(5)	(80.0)
Total comprehensive income for the period	262	562	(53.4)	477	1,669	(71.4)
Profit for the period attributable to:						
Owners of the Company	266	528	(49.6)	482	1,681	(71.3)
Non-controlling interests	(4)	1	NM	(4)	(4)	NM
	262	529	(50.5)	478	1,677	(71.5)
Total comprehensive income attributable to:						
Owners of the Company	266	561	(52.6)	481	1,673	(71.2)
Non-controlling interests	(4)	1	NM	(4)	(4)	NM
	262	562	(53.4)	477	1,669	(71.4)

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		
	Q3 FY2019 S\$'000	Q3 FY2018 S\$'000	Increase/ (Decrease) %	9M FY2019 S\$'000	9M FY2018 S\$'000	Increase/ (Decrease) %
Government grant income	285	256	11.3	680	737	(7.7)
Depreciation of property, plant and equipment	(471)	(508)	(7.3)	(1,443)	(1,535)	(6.0)
Amortisation of intangible assets	(55)	(55)	NM	(164)	(164)	NM
Depreciation of right-of-use assets	(35)	–	NM	(114)	–	NM
Gain on disposal of property, plant and equipment	7	–	NM	3	–	NM
(Allowance)/write back for stock obsolescence	(2)	18	NM	(2)	18	NM
Write back of financial assets	–	16	NM	34	43	(20.9)
Interest income	55	27	103.7	162	66	145.5
Finance cost on bank borrowing and finance lease	(68)	(78)	(12.8)	(233)	(214)	8.9
Finance cost on the right-of-use assets	(8)	–	NM	(26)	–	NM
Foreign exchange gain/(loss), net	16	(56)	NM	6	37	(83.8)

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 30/09/2019 S\$'000	As at 31/12/2018 S\$'000	As at 30/09/2019 S\$'000	As at 31/12/2018 S\$'000
Non-current assets				
Property, plant and equipment	26,819	27,951	14,967	15,120
Right-of-use assets	1,049	–	–	–
Investment property	542	555	2,707	2,774
Intangible assets	1,268	1,432	–	–
Investment in subsidiaries	–	–	25,434	23,934
Investment in joint ventures	901	909	–	–
Investment in associates	6,752	6,752	6,221	6,221
Deferred tax asset	–	–	262	240
Trade and other receivables	2	2	–	–
	37,333	37,601	49,591	48,289
Current assets				
Inventories	2,962	3,312	–	–
Trade and other receivables	9,398	8,856	157	160
Contract assets	351	313	–	–
Prepaid operating expenses	517	265	59	15
Amounts due from subsidiaries	–	–	1,338	1,702
Amount due from a joint venture	–	72	–	–
Cash and cash equivalents	13,999	13,853	5,610	7,752
	27,227	26,671	7,164	9,629
Current liabilities				
Trade and other payables	4,413	4,302	275	270
Contract liabilities	2,115	356	–	–
Accrued operating expenses	1,335	1,400	232	280
Lease liabilities	199	100	–	–
Bank loan	833	833	833	833
Amount due to a joint venture	182	27	–	–
Amount due to subsidiaries	–	–	3,101	552
Income tax payable	694	466	–	–
	9,771	7,484	4,441	1,935
Net current assets	17,456	19,187	2,723	7,694
Non-current liabilities				
Lease liabilities	1,035	148	–	–
Bank loan	7,901	9,920	7,901	9,920
Deferred tax liabilities	481	640	–	–
	9,417	10,708	7,901	9,920
Net assets	45,372	46,080	44,413	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	361	347	350	337
(Accumulated losses)/ retained earnings	(366)	352	(17,582)	(15,918)
	45,261	45,965	44,413	46,063
Non-controlling interests	111	115	–	–
Total equity	45,372	46,080	44,413	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 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,032 [*]	–	933	–

Amount repayable after one year

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,936 [*]	–	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			
	Q3 FY2019 S\$'000	Q3 FY2018 S\$'000	9M FY2019 S\$'000	9M FY2018 S\$'000
Cash flows from operating activities:				
Profit before tax	343	705	617	2,035
Adjustments for:				
Depreciation of property, plant and equipment	471	508	1,443	1,535
Amortisation of intangible assets	55	55	164	164
Depreciation of right-of-use assets	35	–	114	–
Gain on disposal of property, plant and equipment	(7)	–	(3)	–
Interest income	(55)	(27)	(162)	(66)
Write back of financial assets	–	(16)	(34)	(43)
Allowance/(write back) for stock obsolescence	2	(18)	2	(18)
Share of results of joint ventures and associate	(3)	(55)	(41)	(104)
Unrealised exchange (gain)/loss, net	(22)	57	(4)	(2)
Finance cost on bank borrowings and finance lease	68	78	233	214
Finance cost on the right-of-use assets	8	–	26	–
Grant of equity-settled share options to employees	10	16	14	48
Operating cash flows before working capital changes	905	1,303	2,369	3,763
Decrease/(increase) in inventories	86	(685)	348	(425)
(Increase)/decrease in trade and other receivables	(560)	1,364	(535)	774
Increase in prepaid operating expenses	(120)	(217)	(253)	(56)
(Increase)/decrease in amount due to a joint venture	(3)	235	258	230
Increase/(decrease) in trade and other payables and contract liabilities	1,370	(274)	1,871	(1,472)
Decrease in accrued operating expenses	(74)	(213)	(66)	(169)
Cash flows from operations	1,604	1,513	3,992	2,645
Interest received	72	28	121	67
Interest paid	(76)	(78)	(259)	(214)
Tax paid	(40)	(5)	(69)	(17)
Net cash flows from operating activities	1,560	1,458	3,785	2,481
Investing activities:				
Proceeds from disposal of property, plant and equipment	11	–	12	150
Purchase of property, plant and equipment, net of Government Grants	72	(42)	(307)	(146)
Dividend income from a joint venture	–	–	49	–
Net cash flows from/(used in) investing activities	83	(42)	(246)	4
Financing activities:				
Issuance of shares	–	–	1	–
Decrease in fixed deposits pledged	–	–	–	334
Dividend paid on ordinary shares	–	–	(1,200)	–
Repayment of finance lease	(57)	(24)	(177)	(74)
Repayment of bank loan	(1,664)	(176)	(2,019)	(538)
Net cash flows used in financing activities	(1,721)	(200)	(3,395)	(278)
Net (decrease)/increase in cash and cash equivalents	(78)	1,216	144	2,207
Effect of exchange rate changes on cash and cash equivalents	23	(6)	2	1
Cash and cash equivalents at beginning of period/year	14,054	10,840	13,853	9,842
Cash and cash equivalents at end of period	13,999	12,050	13,999	12,050

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	–	–	–	–	216	–	216
<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)	–	216	–	215
<u>Contributions by and distributions to owners</u>							
Issuance of shares	1	–	–	–	–	–	1
Dividends on ordinary shares	–	–	–	–	(1,200)	–	(1,200)
Grant of equity-settled share options to employees	–	–	–	4	–	–	4
At 30 June 2019	61,645	(16,291)	(88)	351	(632)	115	45,100
Profit for the period	–	–	–	–	266	(4)	262
Total comprehensive income for the period	–	–	–	–	266	(4)	262
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	10	–	–	10
At 30 September 2019	61,645	(16,291)	(88)	361	(366)	111	45,372

Group	Share capital (S\$'000)	Merger reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Employee share option reserve (S\$'000)	(Accumulated losses)/ retained earnings (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	–	–	–	–	1,153	(5)	1,148
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	(42)	–	–	–	(42)
Share of foreign currency translation of joint venture and associate	–	–	–	–	–	1	1
Other comprehensive income for the period, net of tax	–	–	(42)	–	–	1	(41)
Total comprehensive income for the period	–	–	(42)	–	1,153	(4)	1,107
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	32	–	–	32
At 30 June 2018	61,644	(16,291)	(124)	313	(361)	115	45,296
Profit for the period	–	–	–	–	528	1	529
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	39	–	–	–	39
Share of foreign currency translation of joint venture and associate	–	–	(6)	–	–	–	(6)
Other comprehensive income for the period, net of tax	–	–	33	–	–	–	33
Total comprehensive income for the period	–	–	33	–	528	1	562
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	16	–	–	16
At 30 September 2018	61,644	(16,291)	(91)	329	167	116	45,874

* 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	–	–	(317)	(317)
<u>Contributions by and distributions to owners</u>				
Issuance of shares	1	–	–	1
Dividends on ordinary shares	–	–	(1,200)	(1,200)
Grant of equity-settled share options to employees	–	4	–	4
At 30 June 2019	61,645	341	(17,435)	44,551
Loss for the period, representing total comprehensive income for the period	–	–	(147)	(147)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	9	–	9
At 30 September 2019	61,645	350	(17,582)	44,413
At 1 January 2018	61,644	271	(17,334)	44,581
Loss for the period, representing total comprehensive income for the period	–	–	(477)	(477)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	32	–	32
At 30 June 2018	61,644	303	(17,811)	44,136
Profit for the period, representing total comprehensive income for the period	–	–	483	483
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	16	–	16
At 30 September 2018	61,644	319	(17,328)	44,635

- 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 30 June 2019 and 30 September 2019	400,002,000	61,644,700

There were no outstanding warrants as at 30 September 2019 (30 September 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 September 2019 (30 September 2018: 9,600,000 share options).

As at 30 September 2019 and 30 September 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 30/09/19	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, depreciation 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	
	Q3 FY2019	Q3 FY2018	9M FY2019	9M FY2018
Profit attributable to owners of the Company (S\$'000)	266	528	482	1,681
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)	0.07	0.13	0.12	0.42

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 30/09/19	As at 31/12/18	As at 30/09/19	As at 31/12/18
Net asset value (S\$'000)	45,261	45,965	44,413	46,063
Number of shares ('000)	400,002	400,000	400,002	400,000
Net asset value per share (cents)	11.32	11.49	11.10	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 3.5% or S\$0.35 million, from S\$10.04 million in Q3 FY2018 to S\$9.69 million in Q3 FY2019 mainly due to the following:

- (1) decrease in revenue of S\$0.12 million or 5.7% from the security printing segment due to decrease in demand for printing products; and
- (2) decrease in revenue of S\$0.39 million or 87.7% from the digital forensic segment due to absence of one-off sales from an overseas contract of S\$0.37 million compared to Q3 FY2018.

These were partially offset by the following:

- (1) increase in revenue of S\$0.05 million or 23.2% from the increase in sales of system integration projects;
- (2) increase in revenue of S\$0.07 million or 62.0% from the training academy with more courses rolled out; and
- (3) increase in revenue of S\$0.04 million or 0.7% from the security guarding segment.

Cost of sales

Cost of sales decreased by 0.7% or S\$0.06 million, from S\$8.13 million in Q3 FY2018 to S\$8.07 million in Q3 FY2019, in line with the decrease in revenue.

Gross profit

Gross profit decreased by 15.2% or S\$0.29 million, from S\$1.91 million in Q3 FY2018 to S\$1.62 million in Q3 FY2019. Gross profit margin decreased from 19.0% in Q3 FY2018 to 16.7% in Q3 FY2019, due mainly to increase in liquidated damages for the security guarding segment with shortage of manpower and the absence of one-off sales from the digital forensic segment which had yielded higher gross profit margin.

Other operating income

Other operating income increased by 20.9% or S\$0.09 million, from S\$0.45 million in Q3 FY2018 to S\$0.54 million in Q3 FY2019 largely due to increase in management fees, government grants and interest income from placement of fixed deposit.

Distribution and selling expenses

Distribution and selling expenses decreased by 23.1% or S\$0.11 million, from S\$0.47 million in Q3 FY2018 to S\$0.36 million in Q3 FY2019 mainly due to decrease in staff remuneration and lower travelling expenses and cost in relation to participation in exhibition.

Administrative expenses

Administrative expenses increased by 20.2% or S\$0.23 million, from S\$1.16 million in Q3 FY2018 to S\$1.39 million in Q3 FY2019, mainly due to increase in staff headcounts, this offsets the gain on foreign exchange and cost saving from the disposal of factory premises in Malaysia.

Finance cost

Finance cost decreased by 15.4% or S\$0.01 million, from S\$0.08 million in Q3 FY2018 to S\$0.07 million in Q3 FY2019, mainly due to a decrease in bank borrowings as a result of progressive repayments and reduction in interest rates.

Share of results of joint ventures and associates

Share of results of joint ventures and associates decreased by 94.5% or S\$ 0.05 million as contribution from the associate, Secura Bangladesh Ltd has not yet been included.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased from S\$0.53 million in Q3 FY2018 to S\$0.27 million in Q3 FY2019.

REVIEW OF THE GROUP'S FINANCIAL POSITIONNon-current assets

The Group's non-current assets decreased by 0.7% or S\$0.27 million, from S\$37.60 million as at 31 December 2018 to S\$37.33 million as at 30 September 2019 mainly due to the amortisation of intangible assets in relation to customer relationships and depreciation charged to property, plant and equipment. This partially offsets 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.

Current assets

The Group's current assets increased by 2.1% or S\$0.56 million, from S\$26.67 million as at 31 December 2018 to S\$27.23 million as at 30 September 2019 mainly due to the following:

- (1) increase in trade and other receivables of S\$0.54 million;
- (2) increase in prepaid operating expenses of S\$0.25 million; and
- (3) increase in cash and cash equivalents of S\$0.15 million mainly due to improved operational cash flow;

These were partially offset by decrease in inventories of S\$0.35 million.

Current liabilities

The Group's current liabilities increased by 30.6% or S\$2.29 million, from S\$7.48 million as at 31 December 2018 to S\$9.77 million as at 30 September 2019 mainly due to increase in trade and other payables of S\$0.11 million, contract liabilities of S\$1.76 million, lease liabilities of S\$0.10 million, amount due to joint venture of S\$0.16 million and income tax provision of S\$0.23 million, partially offset by the decrease in accrued operating expenses of S\$0.07 million.

Non-current liabilities

The Group's non-current liabilities decreased by 12.1% or S\$1.29 million, from S\$10.71 million as at 31 December 2018 to S\$9.42 million as at 30 September 2019 mainly due to repayment of bank loans and lease liabilities, reduction in deferred tax liabilities, partially offset by the recognition of lease liabilities of the Group's operating lease upon adoption of SFRS(I) 16 Leases.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

We generated operating cash flows before working capital changes of S\$0.91 million for Q3 FY2019. Net cash generated from working capital amounted to S\$0.70 million mainly due to increase in trade and other payables and contract liabilities of S\$1.37 million, decrease in inventories of S\$0.09 million, partially offset by decrease in trade and other receivables of S\$0.56 million, increase in prepaid operating expenses of S\$0.12 million and decrease in accrued operating expense of S\$0.07 million. Net cash generated from operating activities for Q3 FY2019 amounted to S\$1.60 million.

Net cash generated from investing activities for Q3 FY2019 amounted to S\$0.08 million due to the proceeds from disposal of property, plant and equipment and grants received for the addition of property, plant and equipment.

Net cash used in financing activities for Q3 FY2019 amounted to S\$1.72 million. This was due to repayment of bank loan of S\$1.66 million and repayment of finance lease of S\$0.06 million.

As at 30 September 2019, the Group's cash and cash equivalents amounted to S\$14.00 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 cautioned that its security guarding segment will decline in the next year as two of its major contracts were not renewed. The recovery of this business segment is dependent on how quickly it secures new contracts. Meanwhile, the digital forensic segment will deliver one-off orders in the next quarter which it expected to increase revenue for the security technology business. The Group will focus on ensuring that the business remains profitable.

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 Q3 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. During FY2019, the following interested person transactions were entered into by the Group:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Mr. Peter Lim	S\$275,000	–

14. Use of IPO proceeds

Pursuant to the 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 Q3 FY2019 and 9M 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

31 October 2019