



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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 30 JUNE 2021**

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 Catalyst.

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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- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Increase/ (Decrease) %
		H1 FY2021 S\$'000	H1 FY2020 S\$'000	
Revenue	2.9	18,185	16,885	7.7
Cost of sales		(16,171)	(13,958)	15.9
Gross profit		2,014	2,927	(31.2)
Other operating income	2.10	1,758	2,565	(31.5)
Distribution and selling expenses		(635)	(662)	(4.1)
Administrative expenses		(2,216)	(2,262)	(2.0)
Finance cost		(88)	(112)	(21.4)
Share of results of joint ventures and associates		10	(340)	N.M
Write back/(impairment loss) on financial assets		10	(13)	N.M
Profit before tax	2.11	853	2,103	(59.4)
Income tax expense		(37)	(12)	N.M
Profit for the period		816	2,091	(61.0)
Other comprehensive income items that may be classified subsequently to profit or loss				
Foreign currency translation		(1)	(1)	–
Share of foreign currency translation of joint ventures and associates		–	36	N.M
Total comprehensive income for the period		815	2,126	(61.7)
Profit for the period attributable to:				
Owners of the Company		816	2,091	(61.0)
		816	2,091	(61.0)
Total comprehensive income attributable to:				
Owners of the Company		816	2,127	(61.6)
Non-controlling interests		(1)	(1)	–
		815	2,126	(61.7)
Earnings per share (cents per share)				
Basic and diluted earnings per share		0.20	0.52	

1(b) **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.**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000
Non-current assets					
Property, plant and equipment	2.4	23,998	24,677	14,469	14,578
Right-of-use assets		1,206	1,277	–	–
Investment property		510	519	2,550	2,595
Investment in subsidiaries		–	–	23,334	23,334
Investment in joint ventures		653	643	–	–
Investment in associates		1,186	1,186	–	–
Deferred tax asset		–	–	67	67
		<u>27,553</u>	<u>28,302</u>	<u>40,420</u>	<u>40,574</u>
Current assets					
Inventories		562	758	–	–
Trade and other receivables	2.5	7,411	8,229	16	20
Contract assets		122	198	–	–
Prepaid operating expenses		269	274	67	27
Amounts due from subsidiaries		–	–	939	585
Amount due from joint ventures		–	92	–	–
Cash and cash equivalents	2.6	20,753	21,028	8,990	9,239
		<u>29,117</u>	<u>30,579</u>	<u>10,012</u>	<u>9,871</u>
Total assets		<u>56,670</u>	<u>58,881</u>	<u>50,432</u>	<u>50,445</u>
Current liabilities					
Trade and other payables	2.7	2,988	4,060	241	241
Contract liabilities		362	492	–	–
Accrued operating expenses		1,098	983	176	130
Lease liabilities	2.8	128	132	–	–
Bank loan	2.8	833	833	833	833
Amount due to subsidiaries		–	–	4,026	4,178
Amount due to joint ventures		75	–	–	–
Income tax payable		141	107	–	–
		<u>5,625</u>	<u>6,607</u>	<u>5,276</u>	<u>5,382</u>
Net current assets		<u>23,492</u>	<u>23,972</u>	<u>4,736</u>	<u>4,489</u>
Non-current liabilities					
Lease liabilities	2.8	883	943	–	–
Bank loan	2.8	6,706	7,062	6,706	7,062
Provision of reinstatement cost		122	122	–	–
Deferred tax liabilities		708	743	–	–
		<u>8,419</u>	<u>8,870</u>	<u>6,706</u>	<u>7,062</u>
Total liabilities		<u>14,044</u>	<u>15,477</u>	<u>11,982</u>	<u>12,444</u>
Net assets		<u>42,626</u>	<u>43,404</u>	<u>38,450</u>	<u>38,001</u>
Equity					
Share capital		61,644	61,644	61,644	61,644
Merger reserve		(16,291)	(16,291)	–	–
Foreign currency translation reserve		(71)	(71)	–	–
Employee share option reserve		396	389	396	389
Accumulated losses		(3,100)	(2,316)	(23,590)	(24,032)
		<u>42,578</u>	<u>43,355</u>	<u>38,450</u>	<u>38,001</u>
Non-controlling interests		48	49	–	–
Total equity		<u>42,626</u>	<u>43,404</u>	<u>38,450</u>	<u>38,001</u>

- 1(c) 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.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

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 2021	61,644	(16,291)	(71)	389	(2,316)	49	43,404
Profit for the period	–	–	–	–	816	–	816
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	–	–	–	(1)	(1)
Other comprehensive income for the period, net of tax	–	–	–	–	–	(1)	(1)
Total comprehensive income for the period	–	–	–	–	816	(1)	815
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	7	–	–	7
Dividend paid on ordinary shares	–	–	–	–	(1,600)	–	(1,600)
At 30 June 2021	61,644	(16,291)	(71)	396	(3,100)	48	42,626
At 1 January 2020	61,644	(16,291)	(102)	371	(5,301)	49	40,370
Profit for the period	–	–	–	–	2,091	–	2,091
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	–	–	–	(1)	(1)
Share of foreign currency translation of joint ventures and associates	–	–	36	–	–	–	36
Other comprehensive income for the period, net of tax	–	–	36	–	–	(1)	35
Total comprehensive income for the period	–	–	36	–	2,091	(1)	2,126
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	17	–	–	17
At 30 June 2020	61,644	(16,291)	(66)	388	(3,210)	48	42,513

- 1(c) 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. (cont'd)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Company	Share capital S\$'000	Employee share option reserve S\$'000	Accumulated losses S\$'000	Total Equity S\$'000
At 1 January 2021	61,644	389	(24,032)	38,001
Profit for the period, representing total comprehensive income for the period	–	–	2,042	2,042
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	7	–	7
Dividend paid on ordinary shares	–	–	(1,600)	(1,600)
At 30 June 2021	61,644	396	(23,590)	38,450
At 1 January 2020	61,644	361	(26,420)	35,585
Loss for the period, representing total comprehensive income for the period	–	–	(158)	(158)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	17	–	17
At 30 June 2020	61,644	378	(26,578)	35,444

1(d) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	H1 FY2021 S\$'000	H1 FY2020 S\$'000
Cash flows from operating activities:		
Profit before tax	853	2,103
Adjustments for:		
Depreciation of property, plant and equipment and investment property	721	842
Amortisation of intangible assets	–	109
Amortisation of right-of-use assets	70	98
Gain on disposal of property, plant and equipment	(38)	–
(Write back)/impairment loss on financial assets	(10)	13
Write back of stock obsolescence	(19)	–
Interest income	(47)	(98)
Share of results of joint ventures and associates	(10)	340
Unrealised exchange loss, net	40	22
Finance cost on bank borrowing and finance lease	88	113
Grant of equity-settled share options to employees	7	17
Operating cash flows before working capital changes	1,655	3,559
Decrease in inventories	214	1,313
Decrease in trade and other receivables and contract assets	904	969
Decrease/(increase) in prepaid operating expenses	5	(86)
Increase in amount due to a joint venture	167	226
Decrease in trade and other payables and contract liabilities	(1,202)	(1,790)
Increase/(decrease) in accrued operating expenses	116	(40)
Cash flows generated from operations	1,859	4,151
Interest received	47	98
Interest paid	(88)	(97)
Tax paid	(39)	(103)
Net cash flows generated from operating activities	1,779	4,049
Investing activities:		
Proceeds from disposal of property, plant and equipment	38	–
Purchase of property, plant and equipment	(33)	(10)
Net cash flows generated from/(used in) investing activities	5	(10)
Financing activities:		
Dividend paid on ordinary shares	(1,600)	–
Repayment of leases	(65)	(98)
Repayment of bank loan	(356)	(329)
Net cash flows used in financing activities	(2,021)	(427)
Net (decrease)/increase in cash and cash equivalents	(237)	3,612
Effect of exchange rate changes on cash and cash equivalents	(38)	(24)
Cash and cash equivalents at beginning of period	21,028	14,479
Cash and cash equivalents at end of period	20,753	18,067

2. Condensed interim notes to the financial statements

2.1 Corporate information

The Company is a limited company incorporated and domiciled in the Republic of Singapore and is listed on the SGX-ST.

The registered office and principal place of business of the Company is located at 38 Alexandra Terrace, Singapore 119932 ("**Alexandra Property**").

The principal activities of the Company and its subsidiaries (the "**Group**") are:

- Security printing of value documents, computer forms and stationery
- Provision of secured data solutions, eStatement, eArchiving, security data processing
- Provision of unarmed security guarding services
- Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products
- Provision of training services

2.2 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.3. The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.3 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.4 Property, plant and equipment

During the half year ended 30 June ("**H1 FY**") 2021, the Group acquired property, plant and equipment with an aggregate cost of S\$33,000 (H1 FY2020: S\$10,000).

2.5 Trade and other receivables

	Group		Company	
	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000
Trade receivables	6,602	6,680	–	–
Less: allowance for expected credit loss	(11)	(21)	–	–
Total trade receivables	6,591	6,659	–	–
Other receivables	765	1,512	9	13
Deposits	55	58	7	7
Total trade and other receivables	7,411	8,229	16	20
Add:				
Amounts due from subsidiaries	–	–	939	585
Amounts due from joint ventures	–	92	–	–
Cash and cash equivalents	20,753	21,028	8,990	9,239
Total financial assets carried at amortised cost	28,164	29,349	9,945	9,844

Expected credit loss assessment

The Group provides for expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. In analysing the expected credit losses, the Group also incorporates forward looking information based on the forecasted gross domestic product and economic conditions.

2.6 Cash and cash equivalents

	Group		Company	
	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000
Fixed deposits	9,071	14,501	2,300	8,750
Cash and bank balances	11,682	6,527	6,690	489
	20,753	21,028	8,990	9,239

Interest on fixed deposits with financial institutions are at rates ranging from 0.20% to 2.05% (FY2020: 0.15% to 4.08%) per annum. These fixed deposits mature in varying periods.

2.7 Trade and other payables

	Group		Company	
	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000
Trade payables	1,065	1,271	–	–
Other payables	1,923	2,789	241	241
Trade and other payables	2,988	4,060	241	241
Add:				
Accrued operating expenses	1,098	983	176	130
Lease liabilities	1,011	1,075	–	–
Bank loan	7,539	7,895	7,539	7,895
Amounts due to subsidiaries	–	–	4,026	4,178
Less:				
Goods and services tax	(569)	(500)	(22)	(24)
Deferred grant income	(347)	(848)	(5)	(16)
Total financial liabilities carried at amortised cost	11,720	12,665	11,955	12,404

Deferred grant income relates to government grants arising from the Jobs Support Scheme (“JSS”). The JSS was recognised as a grant income over the period of economic uncertainty from April 2020 to August 2021 in which the Company recognises the related salary costs.

2.8 Loans and borrowings

	Group		Company	
	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000
Current:				
Lease liabilities	128	132	–	–
Bank loan	833	833	833	833
	961	965	833	833
Non-current:				
Lease liabilities	883	943	–	–
Bank loan	6,706	7,062	6,706	7,062
	7,589	8,005	6,706	7,062
Total loans and borrowings	8,550	8,970	7,539	7,895

The above leases and bank loan are secured by machineries, motor vehicles and the property at 38 Alexandra Terrace.

2.9 Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time S\$'000	Over time S\$'000	Total S\$'000
H1 FY2021			
Security printing			
- Singapore	2,032	796	2,828
Security guarding			
- Singapore	–	14,303	14,303
Cyber security			
- Singapore	177	46	223
Homeland security and digital forensic			
- Singapore	–	49	49
- Philippines	12	–	12
	12	49	61
System integration, security consultancy and security training			
- Singapore	22	748	770
Total	2,243	15,942	18,185

	At a point in time S\$'000	Over time S\$'000	Total S\$'000
H1 FY2020			
Security printing			
- Singapore	1,989	997	2,986
Security guarding			
- Singapore	–	9,965	9,965
Cyber security			
- Singapore	408	73	481
Homeland security and digital forensic			
- Singapore	2,310	11	2,321
System integration, security consultancy and security training			
- Singapore	18	1,114	1,132
Total	4,725	12,160	16,885

2.10 Other operating income

	Group	
	H1 FY2021 S\$'000	H1 FY2020 S\$'000
Interest income from debt instruments at amortised cost	47	98
Handling fee	75	88
Government grant income	1,462	2,289
Gain on disposal of property, plant and equipment	38	–
Scrap sales	5	8
Rental income from investment properties	36	37
Income from short-term lease	12	9
Management fee from a joint venture	6	6
Bad debts recovered from an associate	50	10
Others	27	20
	1,758	2,565
	1,758	2,565

2.11 Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	H1 FY2021 S\$'000	H1 FY2020 S\$'000
Depreciation of property, plant and equipment and investment property	721	842
Amortisation of intangible assets	–	109
Amortisation of right-of-use assets	70	98
Write back of stock obsolescence	(19)	–
(Write back)/impairment loss on financial assets	(10)	13
Directors' fees	125	102
Gain on disposal of property, plant and equipment	(38)	–
Finance costs		
- Interest expense on bank loan	69	93
- Interest expense on leases	19	20
Employee benefits		
Wages, salaries and bonuses	13,278	10,414
Central Provident Fund contributions	1,459	1,002
Share-based payments expense	7	17
Other short-term benefits	685	298
	685	298
	685	298

2.12 Operating segment

The following table provides an analysis of the Group's revenue from external customers based on the products and services where revenue is generated:

Sales revenue by products and services

	Corporate S\$'000	Security Printing S\$'000	Security Guarding S\$'000	Cyber Security S\$'000	Homeland Security and Digital Forensic S\$'000	System Integration, Security Consultancy and Security Training S\$'000	Elimination S\$'000	Group S\$'000
1H FY2021								
External customers	–	2,828	14,303	223	61	770	–	18,185
Inter-segment	636	1	–	13	3	764	(1,417)	–
Results:								
Interest income	13	34	–	–	–	–	–	47
Depreciation of property, plant and equipment and investment property	156	462	62	1	4	36	–	721
Amortisation of right- of-use assets	–	54	–	–	–	16	–	70
Share of results of joint ventures and associates	–	10	–	–	–	–	–	10
Segment (loss)/profit	(221)	44	1,054	(118)	11	46	–	816
Assets:								
Segment assets	30,328	19,635	9,085	303	480	2,291	(5,452)	56,670
Liabilities:								
Segment liabilities	11,916	2,678	3,479	325	45	1,712	(6,111)	14,044
1H FY2020								
External customers	–	2,985	9,965	481	2,321	1,133	–	16,885
Inter-segment	726	2	50	4	1	712	(1,495)	–
Results:								
Interest income	42	68	–	–	–	–	(12)	98
Depreciation of property, plant and equipment and investment property	208	516	65	1	3	49	–	842
Amortisation of right- of-use assets	–	71	–	–	–	27	–	98
Amortisation of intangible assets	–	109	–	–	–	–	–	109
Share of results of joint ventures and associates	(347)	7	–	–	–	–	–	(340)
Segment (loss)/profit	(508)	(1)	1,731	(105)	681	293	–	2,091
Assets:								
Segment assets	30,356	19,879	9,651	493	1,159	2,420	(5,077)	58,881
Liabilities:								
Segment liabilities	12,381	2,976	3,479	397	734	1,885	(6,375)	15,477

2.12 Operating segment (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of the Group's operations are as follows:

	1H FY2021	1H FY2020
	S\$'000	S\$'000
Revenue		
Singapore	18,173	16,885
Philippines	12	–
	<hr/>	<hr/>
	18,185	16,885
	<hr/>	<hr/>
Non-current assets		
Singapore	25,872	26,629
Taiwan	495	487
Bangladesh	1,186	1,186
	<hr/>	<hr/>
	27,553	28,302
	<hr/>	<hr/>

Non-current assets presented above consist of property, plant and equipment, investment property, intangible assets in relation to customer relationships, investment in joint ventures and investment in associates.

3 Other Information required by listing rules

- 3.1 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 2021 and 31 December 2020	400,002,000	61,644,700

There were 8,400,000 share options outstanding under the Secura Employee Share Option Scheme as at 30 June 2021 (30 June 2020: 8,400,000 share options).

As at 30 June 2021 and 30 June 2020, there were no treasury shares held by the Company and there were no subsidiary holdings.

- 3.2 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 30/06/21	As at 31/12/20
Total number of issued shares excluding treasury shares	400,002,000	400,002,000

- 3.3 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.

- 3.4 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.

- 4 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.

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

Not applicable.

- 5A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

6 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.

7 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	
	H1 FY2021	H1 FY2020
Profit attributable to owners of the Company (S\$'000)	816	2,091
Weighted average number of shares ('000)	400,002	400,002
Basic and diluted EPS based on weighted average number of shares (cents)	0.20	0.52

8 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 30/06/21	As at 31/12/20	As at 30/06/21	As at 31/12/20
Net asset value (S\$'000)	42,578	43,355	38,450	38,001
Number of shares ('000)	400,002	400,002	400,002	400,002
Net asset value per share (cents)	10.64	10.84	9.61	9.50

9 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 7.7% or S\$1.30 million, from S\$16.89 million in H1 FY2020 to S\$18.19 million in H1 FY2021 mainly due to an increase in revenue of S\$4.34 million or 43.5% from the security guarding segment due to the award of new contracts and an increase in revenue of S\$0.16 million or 62.9% from the system integration segment. This partially offsets the following:

- (1) decrease in revenue of S\$2.26 million or 97.4% from the digital forensic segment in the absence of one-off sales from Project Digest;
- (2) decrease in revenue of S\$0.27 million or 100.0% from the security training segment due to the suspension of funding schemes administered by the SkillsFuture Singapore Agency;
- (3) decrease in revenue of S\$0.26 million or 53.6% from the cyber security segment due to decrease in license renewal and maintenance services;
- (4) decrease in revenue of S\$0.25 million or 41.1% from consultancy services in the absence of one-off ad-hoc guarding assignments; and
- (5) decrease in revenue of S\$0.16 million or 5.3% from the security printing segment due to decrease in demand for printed products in line with nation-wide digitisation initiatives.

Cost of sales

Cost of sales increased by 15.9% or S\$2.21 million, from S\$13.96 million in H1 FY2020 to S\$16.17 million in H1 FY2021, in line with the increase in revenue.

Gross profit

Gross profit decreased by 31.2% or S\$0.91 million, from S\$2.93 million in H1 FY2020 to S\$2.01 million in H1 FY2021. Gross profit margin decreased from 17.3% in H1 FY2020 to 11.1% in H1 FY2021 mainly due to the absence of one-off sales from Project Digest which has higher gross profit margin, as well as the decline in gross profit margin for the security guarding segment which resulted from the progressive wage model that increases the payroll cost of security officers.

Other operating income

Other operating income decreased by 31.5% or S\$0.81 million, from S\$2.57 million in H1 FY2020 to S\$1.76 million in H1 FY2021. This was due to the tapering-off of the JSS grants.

Finance cost

Finance cost largely relates to bank borrowings incurred for the financing of the Alexandra Property. Finance cost decreased by 21.4% or S\$0.03 million, from S\$0.11 million in H1 FY2020 to S\$0.09 million in H1 FY2021 as the bank loan was refinanced with lower interest rate.

Share of results of joint ventures and associates

Share of results in joint ventures and associates amounted to S\$0.01 million in H1 FY2021, attributed from the investment in joint ventures of Secura Foremost eMage Pte Ltd and Foremost Secura Corporation.

Profit attributable to owners of the Company

Profit attributable to owners of the Company of S\$0.82 million was largely due to the JSS grants.

REVIEW OF THE GROUP'S FINANCIAL POSITIONNon-current assets

The Group's non-current assets decreased by 2.6% or S\$0.75 million, from S\$28.30 million as at 31 December 2020 to S\$27.55 million as at 30 June 2021 mainly due to the depreciation and amortisation charged to property, plant and equipment and right-of-use assets.

Current assets

The Group's current assets decreased by 4.8% or S\$1.46 million, from S\$30.58 million as at 31 December 2020 to S\$29.12 million as at 30 June 2021 mainly due to decrease in trade and other receivables and contract assets of S\$0.89 million, decrease in inventories of S\$0.20 million and decrease in cash and cash equivalent of S\$0.28 million due to dividend payout, partially offset by the receipt of government grants.

Current liabilities

The Group's current liabilities decreased by 14.9% or S\$0.98 million, from S\$6.61 million as at 31 December 2020 to S\$5.63 million as at 30 June 2021 mainly due to decrease in trade and other payables and contract liabilities of S\$1.07 million and S\$0.13 million, respectively.

Non-current liabilities

The Group's non-current liabilities decreased by 5.1% or S\$0.45 million, from S\$8.87 million as at 31 December 2020 to S\$8.42 million as at 30 June 2021 mainly due to repayment of bank loan and leases, as well as a reduction in deferred tax liabilities.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

The Group generated operating cash flows before working capital changes of S\$1.66 million for H1 FY2021. Net cash generated from working capital amounted to S\$0.20 million mainly due to decrease in inventories of S\$0.21 million, decrease in trade and other receivables and contract assets of S\$0.90 million, increase in amount due to a joint venture of S\$0.17 million, increase in accrued operating expenses of S\$0.12 million and partially offset by the decrease in trade and other payables and contract liabilities of S\$1.20 million. Net cash generated from operating activities for H1 FY2021 amounted to S\$1.78 million.

Net cash generated from investing activities for H1 FY2021 amounted to S\$0.01 million due to proceeds from the disposal of property, plant and equipment, partially offset by the additions of property, plant and equipment.

Net cash used in financing activities for H1 FY2021 amounted to S\$2.02 million. This was due to dividend payment of S\$1.60 million, repayment of bank loan and leases of S\$0.36 million and S\$0.07 million respectively.

As at 30 June 2021, the Group's cash and cash equivalents amounted to S\$20.75 million.

10 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.

11 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.

Revenue for H1 FY2021 improved significantly for the security guarding segment. With consolidation in the industry, and tighter manpower policies such as the adoption of progressive wage model and operating within the permitted monthly overtime ceiling, we expect growth consistency for this segment for the second half of the year barring unforeseen circumstances. The other business segments remain challenging with long gestation particularly for major tenders, and given the return to Phase 2 Heightened Alert, we expect revenue from these segments to remain consistent for the second half of the year when compared with H1 FY2021.

A substantial portion of profits were derived from the JSS grants and such grants will cease by August 2021. We expect the absence of the JSS grants to impact our profitability but with streamlining of manpower operations and procedures, the Group expects to remain profitable barring unforeseen circumstances.

Security printing remains in cost containment while relying on overseas businesses to bring up its profits. We will continue to seek new opportunities to grow this segment of the Group's business.

12 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

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 ("Directors") of the Company in respect of H1 FY2021. 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 has not obtained a general mandate from shareholders of the Company for interested person transactions. During H1 FY2021, 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\$130,000	–

The interested party transactions were related to executive protection services provided to Mr. Peter Lim.

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 H1 FY2021 of the Group and the Company to be false or misleading in any material aspect.

16 Disclosure pursuant to Rule 706A of the Catalist Rules

There was no acquisition and/or sale of shares by the Company during H1 FY2021 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

Kan Kheong Ng
Chief Executive Officer

Lim Siok Leng
Chief Financial Officer

06 August 2021