



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the offer document of Secura Group Limited dated 20 January 2016 (the “Offer Document”).

Secura Group Limited (the “Company”) was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 January 2016. The Sponsor and Issue Manager for the initial public offering (the “IPO”) of the Company was United Overseas Bank Limited (the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

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INTRODUCTION

Incorporation of Secura Group Limited (the “Company” or “SGL”)

The Company was incorporated in the Republic of Singapore on 14 August 2015 under the Companies Act (Chapter 50) of Singapore as a private limited company under the name Secura Group Pte. Ltd.. On 14 January 2016, the Company changed its name to “Secura Group Limited” in conjunction with its conversion to a public company limited by shares.

Restructuring Exercise

Pursuant to the Restructuring Exercise executed in connection with the IPO, the Company acquired 100% equity interests in Secura Singapore Pte. Ltd. and its subsidiaries (“SSPL Group”) and Soverus Group Pte. Ltd. (“SGPL”) and its subsidiaries (“SGPL Group”).

BASIS OF PREPARATION

Group

Both the Company and SGPL were under common control and the pooling of interest method has been applied in accounting for the SGPL Group in the consolidated financial information. For the SSPL Group, the acquisition method was applied.

Purchase price allocation (“PPA”)

Based on the preliminary PPA prepared by the management, the management has identified a PPA adjustment in relation to property, plant and equipment of S\$5,000,000, as disclosed in the unaudited pro forma combined financial information which was included in the Offer Document. Accordingly, a bargain purchase of S\$5,867,000 was recognised in the consolidated statement of comprehensive income on a provisional basis. The management expects to finalise the PPA exercise within one year from 15 January 2016, being the date of acquisition. Accordingly, the fair values of assets and liabilities of the SSPL Group on acquisition date will be adjusted upon finalisation of the PPA exercise.

The consolidated financial information reflects the following:

Consolidated statement of financial position

- (a) the assets and liabilities of the SGPL Group were recognised and measured in the consolidated statement of financial position at their carrying amounts before the Restructuring Exercise;
- (b) the assets and liabilities of the SSPL Group were recognised and measured in the consolidated statement of financial position at their acquisition date fair values as provisionally determined by the management;
- (c) the retained earnings of the Group as at 30 June 2016 included that of the SGPL Group at its carrying amount and the post-acquisition reserves of the SSPL Group; and
- (d) the comparative figures as at 31 December 2015 presented in the consolidated statement of financial position relate to SGL and the SGPL Group.

Consolidated statement of profit or loss and other comprehensive income

- (a) the consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2016 to 30 June 2016 ("**H1 2016**") and the period from 1 April 2016 to 30 June 2016 ("**Q2 2016**") reflect that of SGL, the SGPL Group and the post-acquisition results of the SSPL Group; and
- (b) the comparative figures for the period from 1 January 2015 to 30 June 2015 ("**H1 2015**") and the period from 1 April 2015 to 30 June 2015 ("**Q2 2015**") presented in the consolidated statement of profit or loss and other comprehensive income were that of the SGPL Group only as SGL was only incorporated in August 2015.

The Company financial information reflects the following:

The financial information of the Company comprises the consolidated statement of financial position as at 30 June 2016 and 31 December 2015 and the statement of changes in equity for the period ended 30 June 2016. There were no comparative figures for the corresponding period in previous year as the Company was incorporated in August 2015, i.e. subsequent to 30 June 2015.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 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.**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			Group		
	Q2 2016 S\$'000	Q2 2015 ⁽¹⁾ S\$'000	Increase/ (Decrease) %	H1 2016 S\$'000	H1 2015 ⁽¹⁾ S\$'000	Increase/ (Decrease) %
Revenue	8,714	5,031	73.2	17,398	9,879	76.1
Cost of sales	(7,091)	(4,158)	70.5	(14,328)	(8,310)	72.4
Gross profit	1,623	873	85.9	3,070	1,569	95.7
Other operating income	485	583	(16.8)	935	1,222	(23.5)
Distribution and selling expenses	(407)	(31)	1,212.9	(670)	(62)	980.6
Administrative expenses	(1,568)	(826)	89.8	(2,626)	(1,634)	60.7
Listing expenses	–	–	NM	(279)	–	NM
Bargain purchase	–	–	NM	5,867 ⁽²⁾	–	NM
Share of results of joint ventures and associate	28	–	NM	54	–	NM
Profit before tax	161	599	(73.1)	6,351	1,095	480.0
Income tax expense	(57)	(132)	(56.8)	(83)	(132)	(37.1)
Profit for the period, attributable to owners of the Company	104	467	(77.7)	6,268	963	550.9
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	46	–	NM	(29)	–	NM
Share of foreign currency translation of joint venture and associate	(23)	–	NM	(33)	–	NM
Total comprehensive income for the period, attributable to owners of the Company	127	467	(72.8)	6,206	963	544.4

NM: Not meaningful.

Note (1): The Group's financial results for Q2 2015 and H1 2015 comprises only the financial results of the SGPL Group, accounted for using of pooling of interest method as common control exists between the Company and the SGPL Group.

The financial results of the SSPL Group have not been included for Q2 2015 and H1 2015 as the acquisition of the SSPL Group took place in January 2016. The acquisition is accounted for from the date of acquisition in Q1 2016 and H1 2016 in accordance with FRS103 Business Combinations. Please refer to the paragraph "Basis of Presentation" on the cover page to this announcement for further details.

Note (2): Pending finalisation of PPA.

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 2016 S\$'000	Q2 2015 S\$'000	Increase/ (Decrease) %	H1 2016 S\$'000	H1 2015 S\$'000	Increase/ (Decrease) %
Government grant income	237	563	(57.9)	512	1,180	(56.6)
Depreciation of property, plant and equipment	(315)	(21)	1,400	(648)	(44)	1,372.7
Loss on disposal of property, plant and equipment	(26)	–	NM	(26)	–	NM
Write back of allowance for doubtful debts	30	–	NM	30	–	NM
Interest income	79	–	NM	123	–	NM
Bargain purchase	–	–	NM	5,867	–	NM
Foreign exchange (loss)/gain, net	(67)	–	NM	47	–	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 30/06/2016 S\$'000	As at 31/12/2015 S\$'000	As at 30/06/2016 S\$'000	As at 31/12/2015 S\$'000
Non-current assets				
Property, plant and equipment	13,937	342	242	–
Goodwill on consolidation	1,903	–	–	–
Investments in subsidiaries	–	–	13,762	–
Investments in joint ventures	442	–	–	–
Investment in associate	435	–	–	–
Deferred tax asset	173	–	–	–
Trade and other receivables	468	309	–	–
	17,358	651	14,004	–
Current assets				
Inventories	890	25	–	–
Trade and other receivables	8,817	6,712	1,037	–
Tax recoverable	185	–	–	–
Prepaid operating expenses	737	239	547	42
Amount due from subsidiaries	–	–	4,496	–
Amount due from a joint venture	65	–	–	–
Cash and cash equivalents	23,117	1,936	19,483	–
	33,811	8,912	25,563	42
Current liabilities				
Trade and other payables	3,667	2,361	66	647
Deferred revenue	768	88	–	–
Accrued operating expenses	1,314	651	182	121
Finance lease	30	43	30	–
Amount due to a joint venture	46	–	–	–
Amount due to shareholder	–	3,000	–	–
Income tax payable	513	258	–	–
	6,338	6,401	278	768
Net current assets/(liabilities)	27,473	2,511	25,285	(726)
Non-current liabilities				
Finance lease	30	72	30	–
Deferred tax liabilities	109	219	–	–
	139	291	30	–
Net assets/(liabilities)	44,692	2,871	39,259	(726)
Equity				
Share capital	38,882	1,000	38,882	–
Merger reserve	(1,110)	–	–	–
Foreign currency translation reserve	(62)	–	–	–
Employee share option reserve	43	–	43	–
Retained earnings	6,939	1,871	334	(726)
Total equity	44,692	2,871	39,259	(726)

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

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
30	–	43	3,000

Amount repayable after one year

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
30	–	72	–

Details of any collateral

As at the balance sheet date, the finance lease liabilities of the Group are secured by a motor vehicle.

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 2016 S\$'000	Q2 2015 S\$'000	H1 2016 S\$'000	H1 2015 S\$'000
Cash flows from operating activities:				
Profit before tax	161	599	6,351	1,095
Adjustments for:				
Depreciation of property, plant and equipment	315	21	648	44
Loss on disposal of property, plant and equipment	26	–	26	–
Interest income	(79)	–	(123)	–
Grant of equity-settled share options to employees	43	–	43	–
Receipt and recognition of deferred revenue, net	(50)	–	37	5
Share of results of joint ventures and associate	(28)	–	(54)	–
Bargain purchase	–	–	(5,867)	–
Unrealised exchange loss/(gain)	70	–	(43)	–
Operating cash flows before working capital changes	458	620	1,018	1,144
Decrease/(increase) in inventories	84	11	215	(12)
(Increase)/decrease in trade and other receivables	(1,043)	(418)	753	(360)
(Increase)/decrease in prepaid operating expenses	(410)	20	(453)	31
Decrease in amount due from a joint venture	(44)	–	(41)	–
Decrease in trade and other payables	(283)	(1,504)	(798)	(234)
Increase in accrued operating expenses	198	969	25	389
Cash flows generated from operations	(1,040)	(302)	719	958
Interest received	26	–	74	–
Tax paid	(118)	(27)	(208)	(27)
Net cash flows (used in)/generated from operating activities	(1,132)	(329)	585	931
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	248	–	248	–
Purchase of property, plant and equipment	(376)	(4)	(436)	(11)
Net cash (outflow)/inflow from acquisition of subsidiary	(1,245)	–	2,937	–
Net cash flows (used in)/generated from investing activities	(1,373)	(4)	2,749	(11)
Cash flows from financing activities:				
Increase in fixed deposits pledged	(55)	(11)	(55)	(45)
Proceeds from issue of shares	–	–	28,000	–
Share issuance expense	–	–	(880)	–
Dividend income	45	–	45	–
Dividend paid on ordinary shares	(1,200)	–	(6,149)	–
Repayment of finance lease	(104)	–	(115)	–
Repayment of bank loan	–	–	–	(1)
Repayment of shareholder loan	–	–	(3,000)	–
Net cash flows (used in)/generated from financing activities	(1,314)	(11)	17,846	(46)
Net (decrease)/increase in cash and cash equivalents	(3,819)	(344)	21,180	874
Effect of exchange rate changes on cash and cash equivalents	(2)	–	1	–
Cash and cash equivalents at beginning of period/year	26,938	2,312	1,936	1,094
Cash and cash equivalents at end of period	23,117	1,968	23,117	1,968

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	Attributable to equity holders of the parent					
	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2016	–	1,000	–	–	1,871	2,871
Profit for the period	–	–	–	–	6,164	6,164
<u>Other comprehensive income</u>						
Foreign currency translation	–	–	(75)	–	–	(75)
Share of foreign currency translation of joint venture and associate	–	–	(10)	–	–	(10)
Other comprehensive income for the period, net of tax	–	–	(85)	–	–	(85)
Total comprehensive income for the period	–	–	(85)	–	6,164	6,079
<u>Contributions by and distributions to owners</u>						
Issuance of shares pursuant to the IPO	28,000	–	–	–	–	28,000
Share issuance expense	(880)	–	–	–	–	(880)
Issuance of shares pursuant to the Restructuring Exercise	11,762	(2,110)	–	–	–	9,652
At 31 March 2016	38,882	(1,110)	(85)	–	8,035	45,722
Profit for the period	–	–	–	–	104	104
<u>Other comprehensive income</u>						
Foreign currency translation	–	–	46	–	–	46
Share of foreign currency translation of joint venture and associate	–	–	(23)	–	–	(23)
Other comprehensive income for the period, net of tax	–	–	23	–	–	23
Total comprehensive income for the period	–	–	23	–	104	127
<u>Contributions by and distributions to owners</u>						
Grant of equity-settled share options to employees	–	–	–	43	–	43
Dividends on ordinary shares	–	–	–	–	(1,200)	(1,200)
At 30 June 2016	38,882	(1,110)	(62)	43	6,939	44,692
At 1 January 2015	–	1,000	–	–	148	1,148
Profit for the period, representing total comprehensive income for the financial period	–	–	–	–	496	496
At 31 March 2015	–	1,000	–	–	644	1,644
Profit for the period, representing total comprehensive income for the financial period	–	–	–	–	467	467
At 30 June 2015	–	1,000	–	–	1,111	2,111

Company ⁽¹⁾	Share capital S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2016 ⁽²⁾	–	–	(726)	(726)
Profit for the period, representing total comprehensive income for the period	–	–	2,554	2,554
<u>Contributions by and distributions to owners</u>				
Issuance of shares pursuant to the IPO	28,000	–	–	28,000
Share issuance expense	(880)	–	–	(880)
Issuance of shares pursuant to the Restructuring Exercise	11,762	–	–	11,762
	38,882	–	–	38,882
At 31 March 2016	38,882	–	1,828	40,710
Loss for the period, representing total comprehensive income for the period	–	–	(294)	(294)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	43	–	43
Dividends on ordinary shares	–	–	(1,200)	(1,200)
At 30 June 2016	38,882	43	334	39,259

Notes:

- (1) There are no comparative figures at the Company level for the corresponding period of the immediately preceding financial year as the Company was incorporated on 14 August 2015.
- (2) As at 1 January 2016, there were 100 issued and paid-up shares of S\$1 each.

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

	Number of shares	Issued and paid-up share capital S\$
As at 31 March and 30 June 2016	400,000,000	38,882,100

As at 30 June 2016, there were 224,000,000 warrants outstanding (30 June 2015: Nil), each warrant carrying the right to subscribe for one share at the exercise price of S\$0.35 per share and 18,400,000 share options outstanding under the Secura Employee Share Option Scheme (30 June 2015: Nil). There are no treasury shares held by the Company as at 30 June 2016 and 30 June 2015.

- 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 30/06/16	As at 31/12/15
Total number of issued shares excluding treasury shares	400,000,000	100

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no treasury shares held by the Company.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the six-month period ended 30 June 2016 as its most recently audited financial statements for the financial year ended 31 December 2015.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard. The adoption of the new and revised Financial Reporting Standards (including their consequential amendments) and interpretations is assessed to have no material impact on the results of the Group and of the Company for the six-month period ended 30 June 2016.

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 2016	Q2 2015	H1 2016	H1 2015
Profit attributable to owners of the Company (S\$'000)	104	467	6,268	963
Weighted average number of shares ('000)	400,000	144,000	372,923	144,000
Basic and diluted EPS based on weighted average number of shares (cents)	0.03	0.32	1.68	0.67

The weighted average number of shares for the financial period ended 30 June 2016 is calculated based on:

- The number of ordinary shares outstanding from the beginning of the year, up to date of completion of the Restructuring Exercise, amounted to 143,999,900 which represent the number of shares issued by SGL for the acquisition of the SGPL Group.
- The number of ordinary shares outstanding from the completion of the Restructuring Exercise, up to the date of issuance of invitation shares comprising the number of shares in (a) and the 144,000,000 shares issued for the acquisition of the SSPL Group.
- The number of ordinary shares outstanding from the date of issuance of invitation shares, up to the end of reporting period comprising the number of shares in (a), (b) and the 112,000,000 invitation shares issued on 27 January 2016 in connection with the IPO.

**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 30/06/16	As at 31/12/15	As at 30/06/16	As at 31/12/15
Net asset value (S\$'000)	44,692	2,871	39,259	(726)
Number of shares ('000)	400,000	144,000	400,000	- *
Net asset value per shares (cents)	11.17	1.99	9.81	(726,000)

Note:

- * Based on 100 issued shares of the Company as at 31 December 2015.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue increased by 73.2% or S\$3.68 million, from S\$5.03 million in Q2 2015 to S\$8.71 million in Q2 2016 due mainly to the acquisition of 100% equity interests in the SSPL Group.

Revenue contribution from the acquisition of the SSPL Group amounted to S\$2.86 million in Q2 2016. Revenue of the SGPL Group increased by 16.5% or S\$0.82 million, from S\$5.03 million in Q2 2015 to S\$5.85 million in Q2 2016 due mainly to increase in revenue from the security guarding business as a result of an increase in number of contracts awarded and revenue contribution from Soverus Consultancy and Services Pte Ltd, a subsidiary of the SGPL Group which was incorporated on 4 May 2015.

Cost of sales

Cost of sales increased by 70.5% or S\$2.93 million, from S\$4.16 million in Q2 2015 to S\$7.09 million in Q2 2016 due mainly to the acquisition of 100% equity interests in the SSPL Group.

The increase in the cost of sales attributable to the acquisition of the SSPL Group amounted to S\$2.13 million. Cost of sales of the SGPL Group increased by 19.2% or S\$0.80 million, from S\$4.16 million in Q2 2015 to S\$4.96 million in Q2 2016, in line with the increase in revenue.

Other operating income

Other operating income decreased by 16.8% or S\$0.10 million, from S\$0.58 million in Q2 2015 to S\$0.49 million in Q2 2016 due mainly to decrease in Government Grants under the Wage Credit Scheme and Special Employment Credit.

Distribution and selling expenses

Distribution and selling expenses increased by 1,212.9% or S\$0.38 million, from S\$0.03 million in Q2 2015 to S\$0.41 million in Q2 2016 due mainly to the acquisition of 100% equity interests in the SSPL Group.

Distribution and selling expenses attributable to the SSPL Group amounted to S\$0.21 million in Q2 2016.

Administrative expenses

Administrative expenses increased by 89.8% or S\$0.74 million, from S\$0.83 million in Q2 2015 to S\$1.57 million in Q2 2016 due mainly to the cost incurred by the Company in relation to continuing listing and related fees, professional fees for merger and acquisition and increase in number of employees to support the Group's expansion plans.

The increase in administrative expenses attributable to the acquisition of the SSPL Group amounted to S\$0.26 million in Q2 2016.

Profit for the period, attributable to owners of the Company

Profit for the period decreased by 77.7% or S\$0.36 million, from S\$0.47 million in Q2 2015 to S\$0.10 million in Q2 2016 due mainly to increase in administrative expenses and decrease in Government Grants under the Wage Credit Scheme and Special Employment Credit.

Other comprehensive income

Other comprehensive income increased S\$0.02 million in Q2 2016 arising from gain in foreign exchange translation due to weakening of the RM against the S\$ in Q2 2016, partially offset by the revaluation losses from a joint venture and the associate company.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by 2,566.4% or S\$16.71 million, from S\$0.65 million as at 31 December 2015 to S\$17.36 million as at 30 June 2016.

The increase in property, plant and equipment (which included a gain of approximately S\$5.00 million arising from revaluation of the SSPL Group's land and building), investments in joint ventures, investment in associate, deferred tax asset and trade and other receivables was mainly due to the acquisition of 100% equity interest in the SSPL Group.

Goodwill on consolidation arose mainly from the acquisition of Red Sentry Pte Ltd ("**RSPL**") amounted to S\$1.88 million. The management expects to finalise the PPA exercise within one year from 30 June 2016, being the date of acquisition. Accordingly, the fair values of assets and liabilities of RSPL on acquisition date will be adjusted upon finalisation of the PPA exercise.

Current assets

The Group's current assets increased by 279.4% or S\$24.90 million, from S\$8.91 million as at 31 December 2015 to S\$33.81 million as at 30 June 2016.

The increase in inventories, trade and other receivables, tax recoverable, prepaid operating expenses and cash and cash equivalents was mainly due to the acquisition of 100% equity interests in the SSPL Group and RSPL as well as deposits and stamp duties paid for the acquisition of property at 38 Alexandra Terrace ("**Alexandra Property**").

Cash and cash equivalents increased by 1,094.1% or S\$21.18 million, from S\$1.94 million as at 31 December 2015 to S\$23.12 million as at 30 June 2016 due to net proceeds from the IPO and net cash inflow from the acquisition of 100% equity interests in the SSPL Group. This was partially offset by the repayment of existing shareholder loan of the SGPL Group, dividend payment of the SSPL Group, dividend paid to shareholders of the Company and net cash outflow of S\$1.25 million for the acquisition of RSPL.

Current liabilities

The Group's current liabilities decreased by 0.98% or S\$0.06 million, from S\$6.40 million as at 31 December 2015 to S\$6.34 million as at 30 June 2016 due mainly to the repayment of existing shareholder loan of the SGPL Group. This was partially offset by the acquisition of 100% equity interests in the SSPL Group and RSPL resulting in the increase in trade and other payables, deferred revenue, accrued operating expenses and income tax payable.

Non-current liabilities

The Group's non-current liabilities decreased by 52.2% or S\$0.15 million, from S\$0.29 million as at 31 December 2015 to S\$0.14 million as at 30 June 2016, primarily due to the repayment of finance lease of motor vehicle and recognition of tax liabilities upon the receipt of accrued government grant.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

Net cash used in operating activities for Q2 2016 amounted to S\$1.13 million.

We generated operating cash flows before working capital changes of S\$0.46 million. Net cash used in working capital amounted S\$1.50 million due mainly to increase in trade and other receivables of S\$1.04 million (mainly deposits paid for the acquisition of Alexandra Property), prepayment of S\$0.41 million (mainly stamp duties in relation to the acquisition of Alexandra Property), decrease in trade and other payables of S\$0.28 million and partially offset by increase in accrued operating expenses of S\$0.20 million.

Net cash used in investing activities for Q2 2016 amounted to S\$1.37 million. This was primarily due to the net cash outflow for acquisition of 100% equity interests in RSPL of S\$1.25 million, purchase of property, plant and equipment of S\$0.38 million and partially offset by the proceeds from the disposal of property, plant and equipment of S\$0.25 million.

Net cash used in financing activities for Q2 2016 amounted to S\$1.31 million. This was due to payment of dividend of S\$1.20 million and repayment of finance lease of S\$0.10 million.

As at 30 June 2016, the Group's cash and cash equivalents amounted to S\$23.12 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 expects growth in the security guarding, cyber security, homeland security and security consultancy businesses to remain stable as governments and corporates increase investments to counter the threats of terrorism and cyber attacks, whilst the security printing business is expected to be stable and continue to contribute to Group's profitability.

The Group will continue to explore suitable opportunities to expand our security guarding, cyber security, technology and systems integration business through acquisitions, joint ventures or strategic alliances.

The Group will also continue to focus on cost rationalisation and improving work flow processes, manpower utilisation and information technology applications to increase productivity and efficiency and lowering operating costs.

11. Dividend

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

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year?

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended by the board of directors ("Board" or "Directors") of the Company for the period under review.

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 obtained a general mandate from shareholders of the Company for interested person transactions at the Company's annual general meeting held on 28 April 2016. During H1 2016, 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 Rule)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rule (excluding transactions less than S\$100,000)
Mr. Peter Lim	–	S\$217,000

14. Use of IPO proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$26.2 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 disclosed in the Offer Document) (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 security guarding business	9,300	–	9,300
Expand cyber security, technology and systems integration business	5,500	(2,025)	3,475
Enhance and upgrade security printing equipment	1,000	–	1,000
Corporate infrastructure improvements	4,000	(4,000)	–
General working capital purposes	6,400	(4,800)	1,600
	26,200	(10,825)	15,375

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 unaudited financial results for Q2 2016 and H1 2016 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Paul Lim Choon Wui
Chief Executive Officer

Lim Siok Leng
Chief Finance Officer

4 August 2016