



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

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

INTRODUCTION

Incorporation of Secura Group Limited (“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”).

Acquisition of Red Sentry Pte Ltd (“RSPL”)

On 30 June 2016, the Group acquired RSPL for a cash consideration of S\$2,700,000.

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 and RSPL, the acquisition method was applied.

Purchase price allocation (“PPA”)

(i) Acquisition of SSPL Group

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.

(ii) Acquisition of RSPL

On 30 June 2016, the Group acquired RSPL. The assets and liabilities acquired have been included in the Q3 2016 announcement based on their carrying amounts in the management accounts. Provisional goodwill of S\$1,917,000 has been recorded. 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.

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 and RSPL 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 September 2016 included that of the SGPL Group and RSPL at their carrying amounts and the post-acquisition reserves of the SSPL Group and RSPL; 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 September 2016 ("**9M 2016**") and the period from 1 July 2016 to 30 September 2016 ("**Q3 2016**") reflect that of SGL, the SGPL Group and the post-acquisition results of the SSPL Group and RSPL; and
- (b) the comparative figures for the period from 1 January 2015 to 30 September 2015 ("**9M 2015**") and the period from 1 July 2015 to 30 September 2015 ("**Q3 2015**") presented in the consolidated statement of profit or loss and other comprehensive income were that of SGL and the SGPL Group.

The Company financial information reflects the following:

The financial information of the Company comprises the statement of financial position of the Company as at 30 September 2016 and 31 December 2015 and the statement of changes in equity of the Company for the period ended 30 September 2016.



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 2016

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 2016 S\$'000	Q3 2015 ⁽¹⁾ S\$'000	Increase/ (Decrease) %	9M 2016 S\$'000	9M 2015 ⁽¹⁾ S\$'000	Increase/ (Decrease) %
Revenue	9,053	5,333	69.8	26,451	15,212	73.9
Cost of sales	(7,189)	(4,547)	58.1	(21,517)	(12,857)	67.4
Gross profit	1,864	786	137.2	4,934	2,355	109.5
Other operating income	514	1,083	(52.5)	1,449	2,305	(37.1)
Distribution and selling expenses	(460)	(26)	1,669.2	(1,130)	(88)	1,184.1
Administrative expenses	(1,565)	(797)	96.4	(4,191)	(2,431)	72.4
Listing expenses	–	–	NM	(279)	–	NM
Bargain purchase	–	–	NM	5,867 ⁽²⁾	–	NM
Share of results of joint ventures and associate	115	–	NM	169	–	NM
Profit before tax	468	1,046	(55.3)	6,819	2,141	218.5
Income tax expense	(109)	(33)	230.3	(192)	(165)	16.4
Profit for the period, attributable to owners of the Company	359	1,013	(64.6)	6,627	1,976	235.4
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	28	–	NM	(1)	–	NM
Share of foreign currency translation of joint venture and associate	9	–	NM	(24)	–	NM
Total comprehensive income for the period, attributable to owners of the Company	396	1,013	(60.9)	6,602	1,976	234.1

NM: Not meaningful.

Notes:

(1) The Group's financial results for Q3 2015 and 9M 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 Q3 2015 and 9M 2015 as the acquisition of the SSPL Group took place in January 2016. The acquisition is accounted for from the date of acquisition in accordance with FRS103 Business Combinations. Please refer to the paragraph "Basis of Presentation" on the cover page to this announcement for further details.

(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		
	Q3 2016 S\$'000	Q3 2015 S\$'000	Increase/ (Decrease) %	9M 2016 S\$'000	9M 2015 S\$'000	Increase/ (Decrease) %
Government grant income	269	1,054	(74.5)	781	2,234	(65.0)
Depreciation of property, plant and equipment	(348)	(20)	1,640.0	(996)	(64)	1,456.3
Loss on disposal of property, plant and equipment	–	–	NM	(26)	–	NM
Write back of allowance for doubtful debts	10	–	NM	40	–	NM
Interest income	56	–	NM	179	–	NM
Finance cost	(55)	–	NM	(55)	–	NM
Bargain purchase	–	–	NM	5,867 ⁽¹⁾	–	NM
Foreign exchange (loss)/gain, net	(34)	(1)	3,300.0	13	(1)	NM

NM: Not meaningful.

Note (1): Pending finalisation of PPA.

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 30/09/2016 S\$'000	As at 31/12/2015 S\$'000	As at 30/09/2016 S\$'000	As at 31/12/2015 S\$'000
Non-current assets				
Property, plant and equipment	30,677	342	17,218	–
Goodwill on consolidation ⁽¹⁾	1,935	–	–	–
Investment in subsidiaries	–	–	13,813	–
Investment in joint ventures	474	–	–	–
Investment in associate	527	–	–	–
Deferred tax asset	173	–	–	–
Trade and other receivables	305	309	–	–
	<u>34,091</u>	<u>651</u>	<u>31,031</u>	<u>–</u>
Current assets				
Inventories	1,666	25	–	–
Trade and other receivables	9,112	6,712	1,305	–
Tax recoverable	182	–	–	–
Prepaid operating expenses	295	239	66	42
Amounts due from subsidiaries	–	–	3,782	–
Amount due from a joint venture	27	–	–	–
Cash and cash equivalents	19,357	1,936	15,517	–
	<u>30,639</u>	<u>8,912</u>	<u>20,670</u>	<u>42</u>
Current liabilities				
Trade and other payables	4,192	2,361	160	647
Deferred revenue	789	88	–	–
Accrued operating expenses	1,481	651	233	121
Finance lease	30	43	30	–
Loans and borrowings	833	–	833	–
Amount due to a joint venture	27	–	–	–
Amount due to shareholder	–	3,000	–	–
Income tax payable	490	258	–	–
	<u>7,842</u>	<u>6,401</u>	<u>1,256</u>	<u>768</u>
Net current assets/(liabilities)	<u>22,797</u>	<u>2,511</u>	<u>19,414</u>	<u>(726)</u>
Non-current liabilities				
Finance lease	23	72	23	–
Loans and borrowings	11,546	–	11,546	–
Deferred tax liabilities	112	219	–	–
	<u>11,681</u>	<u>291</u>	<u>11,569</u>	<u>–</u>
Net assets/(liabilities)	<u>45,207</u>	<u>2,871</u>	<u>38,876</u>	<u>(726)</u>
Equity				
Share capital	38,882	1,000	38,882	–
Merger reserve	(1,110)	–	–	–
Foreign currency translation reserve	(25)	–	–	–
Employee share option reserve	112	–	112	–
Retained earnings/(accumulated losses)	7,298	1,871	(118)	(726)
	<u>45,157</u>	<u>2,871</u>	<u>38,876</u>	<u>(726)</u>
Non-controlling interest	50	–	–	–
Total equity	<u>45,207</u>	<u>2,871</u>	<u>38,876</u>	<u>(726)</u>

Note (1): Pending finalisation of PPA.

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

As at 30/09/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
863	–	43	3,000

Amount repayable after one year

As at 30/09/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,569	–	72	–

Details of any collateral

As at the balance sheet date, the Group's finance lease liabilities and loans and borrowings are secured by a motor vehicle and the property at 38 Alexandra Terrace ("**Alexandra Property**") respectively.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group			
	Q3 2016 S\$'000	Q3 2015 S\$'000	9M 2016 S\$'000	9M 2015 S\$'000
Cash flows from operating activities:				
Profit before tax	468	1,046	6,819	2,141
Adjustments for:				
Depreciation of property, plant and equipment	348	20	996	64
Loss on disposal of property, plant and equipment	–	–	26	–
Write back of allowance for doubtful debts	(10)	–	(40)	–
Interest income	(56)	–	(179)	–
Finance cost	55	–	55	–
Grant of equity-settled share options to employees	69	–	112	–
Receipt and recognition of deferred revenue, net	(88)	–	(51)	5
Share of results of joint ventures and associate	(115)	–	(169)	–
Bargain purchase	–	–	(5,867)	–
Unrealised exchange loss/(gain)	42	–	(1)	–
Operating cash flows before working capital changes	713	1,066	1,701	2,210
(Increase)/decrease in inventories	(778)	3	(563)	(9)
(Increase)/decrease in trade and other receivables	(388)	(1,278)	395	(1,638)
Decrease/(increase) in prepaid operating expenses	441	(86)	(12)	(55)
Decrease/(increase) in amount due from a joint venture	19	–	(22)	–
Increase/(decrease) in trade and other payables	547	1,057	(251)	823
Increase/(decrease) in accrued operating expenses	202	(787)	227	(398)
Cash flows generated from operations	756	(25)	1,475	933
Interest received	75	–	149	–
Interest paid	(55)	–	(55)	–
Tax paid	(128)	(13)	(336)	(40)
Net cash flows generated from/(used in) operating activities	648	(38)	1,233	893
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	–	–	248	–
Purchase of property, plant and equipment	(17,054)	(135)	(17,490)	(146)
Net cash (outflow)/inflow from acquisition of subsidiaries	(2)	–	2,935	–
Net cash flows used in investing activities	(17,056)	(135)	(14,307)	(146)
Cash flows from financing activities:				
Decrease/(increase) in fixed deposits pledged	227	(204)	172	(249)
Capital contribution from non-controlling interest in a subsidiary	50	–	50	–
Proceeds from issue of shares	–	–	28,000	–
Share issuance expense	–	–	(880)	–
Dividend income	–	–	45	–
Dividend paid on ordinary shares	–	–	(6,149)	–
Repayment of finance lease	(8)	(4)	(123)	(4)
Repayment of amount due from director	–	200	–	200
Proceeds from bank loan	13,655	–	13,655	–
Repayment of bank loan	(1,275)	–	(1,275)	(1)
Repayment of shareholder loan	–	–	(3,000)	–
Net cash flows generated from/(used in) financing activities	12,649	(8)	30,495	(54)
Net (decrease)/increase in cash and cash equivalents	(3,759)	(181)	17,421	693
Effect of exchange rate changes on cash and cash equivalents	(1)	–	–	–
Cash and cash equivalents at beginning of period/year	23,117	1,968	1,936	1,094
Cash and cash equivalents at end of period	19,357	1,787	19,357	1,787

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 (S\$'000)	Non-controlling interest (S\$'000)	Total equity (S\$'000)
At 1 January 2016	–	1,000	–	–	1,871	–	2,871
Profit for the period	–	–	–	–	6,268	–	6,268
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	(29)	–	–	–	(29)
Share of foreign currency translation of joint venture and associate	–	–	(33)	–	–	–	(33)
Other comprehensive income for the period, net of tax	–	–	(62)	–	–	–	(62)
Total comprehensive income for the period	–	–	(62)	–	6,268	–	6,206
<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
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
Profit for the period	–	–	–	–	359	–	359
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	28	–	–	–	28
Share of foreign currency translation of joint venture and associate	–	–	9	–	–	–	9
Other comprehensive income for the period, net of tax	–	–	37	–	–	–	37
Total comprehensive income for the period	–	–	37	–	359	–	396
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	69	–	–	69
Capital contribution from non-controlling interest	–	–	–	–	–	50	50
At 30 September 2016	38,882	(1,110)	(25)	112	7,298	50	45,207

Group	Share capital (S\$'000)	Merger reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Employee share option reserve (S\$'000)	Retained earnings (S\$'000)	Non-controlling interest (S\$'000)	Total equity (S\$'000)
At 1 January 2015	–	1,000	–	–	148	–	1,148
Profit for the period, representing total comprehensive income for the financial period	–	–	–	–	963	–	963
At 30 June 2015	–	1,000	–	–	1,111	–	2,111
Profit for the period, representing total comprehensive income for the financial period	–	–	–	–	1,013	–	1,013
At 30 September 2015	–	1,000	–	–	2,124	–	3,124

Company	Share capital S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2016	–	–	(726)	(726)
Profit for the period, representing total comprehensive income for the period	–	–	2,260	2,260
<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
Grant of equity-settled share options to employees	–	43	–	43
Dividends on ordinary shares	–	–	(1,200)	(1,200)
	38,882	43	(1,200)	37,725
At 30 June 2016	38,882	43	334	39,259
Loss for the period, representing total comprehensive income for the period	–	–	(452)	(452)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	69	–	69
At 30 September 2016	38,882	112	(118)	38,876
(1) At date of incorporation, 14 August 2015	–	–	–	–
Loss for the period, representing total comprehensive income for the period	–	–	–	–
At 30 September 2015	–	–	–	–

Note:

(1) As at date of incorporation, 14 August 2015, 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 30 June and 30 September 2016	400,000,000	38,882,100

As at 30 September 2016, there were 224,000,000 warrants outstanding (30 September 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 September 2015: Nil). There are no treasury shares held by the Company as at 30 September 2016 and 30 September 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 30/09/16	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 nine-month period ended 30 September 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 nine-month period ended 30 September 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	
	Q3 2016	Q3 2015	9M 2016	9M 2015
Profit attributable to owners of the Company (S\$'000)	359	1,013	6,627	1,976
Weighted average number of shares ('000)	400,000	144,000	382,015	144,000
Basic and diluted EPS based on weighted average number of shares (cents)	0.09	0.70	1.73	1.37

The weighted average number of shares for the financial period ended 30 September 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 30/09/16	As at 31/12/15	As at 30/09/16	As at 31/12/15
Net asset value (S\$'000)	45,157	2,871	38,876	(726)
Number of shares ('000)	400,000	144,000	400,000	- *
Net asset value per share (cents)	11.29	1.99	9.72	(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 69.8% or S\$3.72 million, from S\$5.33 million in Q3 2015 to S\$9.05 million in Q3 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\$2.66 million in Q3 2016. Revenue of the SGPL Group increased by 19.9% or S\$1.06 million, from S\$5.33 million in Q3 2015 to S\$6.39 million in Q3 2016 due mainly to (1) an increase in revenue from the security guarding business as a result of more contracts being awarded and higher average selling price; and (2) 3-month revenue contribution from RSPL, a subsidiary of the SGPL Group which was acquired on 30 June 2016.

Cost of sales

Cost of sales increased by 58.1% or S\$2.64 million, from S\$4.55 million in Q3 2015 to S\$7.19 million in Q3 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\$2.00 million. Cost of sales of the SGPL Group increased by 14.07% or S\$0.64 million, from S\$4.55 million in Q3 2015 to S\$5.19 million in Q3 2016, in line with the increase in revenue.

Other operating income

Other operating income decreased by 52.5% or S\$0.57 million, from S\$1.08 million in Q3 2015 to S\$0.51 million in Q3 2016 due mainly to a decrease in government grants under the Wage Credit Scheme.

Distribution and selling expenses

Distribution and selling expenses increased by 1,669.2% or S\$0.43 million, from S\$0.03 million in Q3 2015 to S\$0.46 million in Q3 2016 due mainly to the acquisition of 100% equity interests in the SSPL Group.

Distribution and selling expenses attributable to the acquisition of the SSPL Group and RSPL amounted to S\$0.20 million and S\$0.14 million respectively in Q3 2016.

Administrative expenses

Administrative expenses increased by 96.4% or S\$0.77 million, from S\$0.80 million in Q3 2015 to S\$1.57 million in Q3 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 and RSPL amounted to S\$0.19 million and S\$0.06 million respectively in Q3 2016.

Profit for the period, attributable to owners of the Company

Profit for the period decreased by 64.6% or S\$0.65 million, from S\$1.01 million in Q3 2015 to S\$0.36 million in Q3 2016. The decrease was due mainly to an increase in administrative expenses and a decrease in government grants under the Wage Credit Scheme.

Other comprehensive income

Other comprehensive income increased S\$0.04 million in Q3 2016 arising from gain in foreign exchange translation due to weakening of the RM against the S\$ in Q3 2016.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by 5,136.7% or S\$33.44 million, from S\$0.65 million as at 31 December 2015 to S\$34.09 million as at 30 September 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 provisionally determined), investment in joint ventures, investment in associate, deferred tax asset and trade and other receivables was mainly due to the acquisition of 100% equity interests in the SSPL Group and the Alexandra Property.

Goodwill on consolidation which arose mainly from the acquisition of RSPL provisionally determined to be S\$1.92 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 243.8% or S\$21.73 million, from S\$8.91 million as at 31 December 2015 to S\$30.64 million as at 30 September 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.

Cash and cash equivalents increased by 899.8% or S\$17.42 million, from S\$1.94 million as at 31 December 2015 to S\$19.36 million as at 30 September 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 cash payment for the acquisition of RSPL and the Alexandra Property.

Current liabilities

The Group's current liabilities increased by 22.5% or S\$1.44 million, from S\$6.40 million as at 31 December 2015 to S\$7.84 million as at 30 September 2016 due mainly to 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. The increase in loans and borrowings was due to the acquisition of the Alexandra Property. These were partially offset by the repayment of existing shareholder loan of the SGPL Group.

Non-current liabilities

The Group's non-current liabilities increased by 3,914.1% or S\$11.39 million, from S\$0.29 million as at 31 December 2015 to S\$11.68 million as at 30 September 2016 due mainly to an increase in loans and borrowings taken up for the acquisition of the Alexandra Property and recognition of tax liabilities upon receipt of accrued government grant.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

Net cash generated from operating activities for Q3 2016 amounted to S\$0.65 million.

We generated operating cash flows before working capital changes of S\$0.71 million. Net cash generated from working capital amounted S\$0.04 million due mainly to increase in trade and other payables of S\$0.55 million, increase in accrued operating expenses of S\$0.20 million, decrease in prepaid operating expenses of S\$0.44 million, decrease in amount due from a joint venture of S\$0.02 million and partially offset by increase in inventories of S\$0.78 million and increase in trade and other receivables of S\$0.39 million.

Net cash used in investing activities for Q3 2016 amounted to S\$17.06 million. This was primarily due to the acquisition of the Alexandra Property.

Net cash generated from financing activities for Q3 2016 amounted to S\$12.65 million due mainly to utilisation of loans and borrowings for the acquisition of the Alexandra Property and partially offset by the refund of fixed deposit pledged for performance guarantee of security guarding contracts.

As at 30 September 2016, the Group's cash and cash equivalents amounted to S\$19.36 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 as governments and corporates increase investments to counter the threats of terrorism and cyber attacks. The new stream of business for digital forensic is also expected to contribute to growth, whilst the security printing business is expected to be stable and continue to contribute to Group's profitability.

The Group continues to explore suitable opportunities to expand its business through acquisitions, joint ventures or strategic alliances.

The Group will also continue to focus on cost rationalisation and improving work flow processes, manpower utilization, information technology applications and drive automation to increase productivity and efficiency and lower 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 9M 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 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\$340,000

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 Q3 2016 and 9M 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

3 November 2016