



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2017**

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



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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 FY2017 S\$'000	Q3 FY2016* S\$'000	Increase/ (Decrease) %	9M FY2017 S\$'000	9M FY2016* S\$'000	Increase/ (Decrease) %
Revenue	10,235	9,009	13.6	30,500	26,407	15.5
Cost of sales	(8,473)	(7,257)	16.8	(24,953)	(21,845)	14.2
Gross profit	1,762	1,752	0.6	5,547	4,562	21.6
Other operating income	532	514	3.5	1,361	1,449	(6.1)
Distribution and selling expenses	(654)	(536)	22.0	(2,066)	(1,315)	57.1
Administrative expenses	(1,633)	(1,453)	12.4	(5,123)	(3,971)	29.0
Finance cost	(63)	(55)	14.5	(202)	(55)	267.3
Listing expenses	–	–	NM	–	(279)	NM
Share of results of joint ventures and associate	9	115	(92.2)	35	169	(79.3)
(Loss)/profit before tax	(47)	337	NM	(448)	560	NM
Income tax credit/(expense)	95	(77)	NM	103	(97)	NM
Profit/(loss) for the period	48	260	(81.5)	(345)	463	NM
Other comprehensive income						
Items that may be classified subsequently to profit or loss						
Foreign currency translation	(3)	28	NM	5	(1)	NM
Share of foreign currency translation of joint venture and associate	–	9	NM	–	(24)	NM
Total comprehensive income for the period	45	297	(84.8)	(340)	438	NM
Profit/(loss) for the period attributable to:						
Owners of the Company	90	260	(65.4)	(212)	463	NM
Non-controlling interests	(42)	–	NM	(133)	–	NM
	48	260	(81.5)	(345)	463	NM
Total comprehensive income attributable to:						
Owners of the Company	87	297	(70.7)	(207)	438	NM
Non-controlling interests	(42)	–	NM	(133)	–	NM
	45	297	(84.8)	(340)	438	NM

NM: Not meaningful

* The results of Q3 FY2016 and 9M FY2016 have been retrospectively adjusted to reflect the fair values of assets and liabilities of Secura Singapore Pte. Ltd. and its subsidiaries (“**SSPL Group**”) and Red Sentry Pte. Ltd (“**RSPL**”) upon finalisation of the purchase price allocation (“**PPA**”) exercise in Q4 FY2016 and Q2 FY2017.

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 FY2017 S\$'000	Q3 FY2016 S\$'000	Increase/ (Decrease) %	9M FY2017 S\$'000	9M FY2016 S\$'000	Increase/ (Decrease) %
Government grant income	307	269	14.1	728	781	(6.8)
Depreciation of property, plant and equipment	(476)	(361)	31.9	(1,440)	(1,034)	39.3
Amortisation of intangible assets	(76)	(75)	1.3	(271)	(185)	46.5
Gain/(loss) on disposal of property, plant and equipment	–	–	NM	5	(26)	NM
Write back of allowance for doubtful debts	–	10	NM	30	40	(25.0)
Interest income	9	56	(83.9)	50	179	(72.1)
Finance cost	(63)	(55)	14.5	(202)	(55)	267.3
Foreign exchange gain/(loss), net	6	(81)	NM	(93)	(34)	173.5
Wages and salaries	(7,402)	(6,384)	15.9	(21,323)	(18,209)	17.1

NM: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 30/09/2017 S\$'000	As at * 31/12/2016 S\$'000	As at 30/09/2017 S\$'000	As at 31/12/2016 S\$'000
Non-current assets				
Property, plant and equipment	32,473	31,940	15,135	14,874
Investment property	–	–	2,887	2,954
Intangible assets	3,259	3,513	–	–
Investment in subsidiaries	–	–	37,006	36,706
Investment in joint ventures	824	819	–	–
Investment in associates	6,818	598	6,221	–
Trade and other receivables	21	65	128	60
	<u>43,395</u>	<u>36,935</u>	<u>61,377</u>	<u>54,594</u>
Current assets				
Inventories	1,826	2,458	–	–
Trade and other receivables	10,142	8,741	94	50
Tax recoverable	–	178	–	–
Prepaid operating expenses	1,202	354	394	139
Amounts due from subsidiaries	–	–	7,159	6,716
Amount due from a joint venture	45	45	–	–
Cash and cash equivalents	9,048	19,829	5,179	15,048
	<u>22,263</u>	<u>31,605</u>	<u>12,826</u>	<u>21,953</u>
Current liabilities				
Trade and other payables	3,836	5,382	278	603
Deferred revenue	1,084	864	–	–
Accrued operating expenses	1,579	1,296	269	235
Finance lease	107	30	23	30
Bank loan	833	833	833	833
Amount due to a joint venture	43	57	–	–
Amount due to a non-controlling interest	–	26	–	–
Income tax payable	178	294	–	–
	<u>7,660</u>	<u>8,782</u>	<u>1,403</u>	<u>1,701</u>
Net current assets	<u>14,603</u>	<u>22,823</u>	<u>11,423</u>	<u>20,252</u>
Non-current liabilities				
Finance lease	195	15	–	15
Bank loan	10,860	11,364	10,815	11,364
Deferred tax liabilities	968	1,038	–	–
	<u>12,023</u>	<u>12,417</u>	<u>10,815</u>	<u>11,379</u>
Net assets	<u>45,975</u>	<u>47,341</u>	<u>61,985</u>	<u>63,467</u>
Equity				
Share capital	61,644	61,644	61,644	61,644
Merger reserve	(16,291)	(16,291)	–	–
Foreign currency translation reserve	54	49	–	–
Employee share option reserve	357	183	357	183
Retained earnings	120	1,532	(16)	1,640
	<u>45,884</u>	<u>47,117</u>	<u>61,985</u>	<u>63,467</u>
Non-controlling interests	91	224	–	–
Total equity	<u>45,975</u>	<u>47,341</u>	<u>61,985</u>	<u>63,467</u>

* Retrospectively adjusted to reflect finalisation of PPA of RSPL in Q2 FY2017

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

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
940	–	863	26

Amount repayable after one year

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,055	–	11,379	–

Details of any collateral

As at the balance sheet date, the Group's finance lease and bank loan are secured by machineries, motor vehicles and the property at 38 Alexandra Terrace 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 FY2017 S\$'000	Q3 FY2016 S\$'000	9M FY2017 S\$'000	9M FY2016 S\$'000
Cash flows from operating activities:				
(Loss)/profit before tax	(47)	337	(448)	560
Adjustments for:				
Depreciation of property, plant and equipment	476	361	1,440	1,034
Amortisation of intangible assets	76	75	271	185
(Gain)/loss on disposal of property, plant and equipment	–	–	(5)	26
Interest income	(9)	(56)	(50)	(179)
Receipt and recognition of deferred revenue, net	267	(45)	204	(8)
Share of results of joint ventures and associate	(9)	(115)	(35)	(169)
Unrealised exchange (gain)/loss, net	(5)	42	6	(1)
Finance cost	63	55	202	55
Grant of equity-settled share options to employees	47	69	174	112
Operating cash flows before working capital changes	859	723	1,759	1,615
Decrease/(increase) in inventories	519	(778)	633	(437)
(Increase)/decrease in trade and other receivables	(1,044)	(398)	(1,849)	355
(Increase)/decrease in prepaid operating expenses	(469)	441	(847)	(12)
Decrease/(increase) in amount due from a joint venture	44	19	17	(22)
(Decrease)/increase in trade and other payables	(1,037)	547	(1,546)	(251)
Increase in accrued operating expenses	272	202	282	227
Cash flows (used in)/from operations	(856)	756	(1,551)	1,475
Interest received	13	75	60	149
Interest paid	(63)	(55)	(202)	(55)
Tax refund/(paid)	166	(128)	94	(336)
Net cash flows (used in)/from operating activities	(740)	648	(1,599)	1,233
Investing activities:				
Proceeds from disposal of property, plant and equipment	17	–	35	248
Purchase of property, plant and equipment, net of Government Grants	14	(17,054)	(1,686)	(17,490)
Dividend income from a joint venture	–	–	30	45
Net cash (outflow)/inflow from acquisition of subsidiaries	–	(2)	–	2,935
Net cash outflow from acquisition of an associate	–	–	(6,221)	–
Net cash flows from/(used in) investing activities	31	(17,056)	(7,842)	(14,262)
Financing activities:				
Decrease in fixed deposits pledged	28	227	451	172
Capital contribution from non-controlling interest in a subsidiary	–	50	–	50
Loan contribution from non-controlling interest in a subsidiary	45	–	45	–
Proceeds from issue of shares	–	–	–	28,000
Share issuance expense	–	–	–	(880)
Dividend paid on ordinary shares	–	–	(1,200)	(6,149)
Repayment of finance lease	(27)	(8)	(61)	(123)
Repayment of amount due to a non-controlling interest	–	–	(26)	–
Proceed from bank loan	–	13,655	–	13,655
Repayment of bank loan	(181)	(1,275)	(548)	(1,275)
Repayment of shareholder loan	–	–	–	(3,000)
Net cash flows (used in)/from financing activities	(135)	12,649	(1,339)	30,450
Net (decrease)/increase in cash and cash equivalents	(844)	(3,759)	(10,780)	17,421
Effect of exchange rate changes on cash and cash equivalents	(1)	(1)	(1)	–
Cash and cash equivalents at beginning of period/year	9,893	23,117	19,829	1,936
Cash and cash equivalents at end of period	9,048	19,357	9,048	19,357

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 interests (S\$'000)	Total equity (S\$'000)
At 1 January 2017 (as previously stated)	61,644	(16,291)	49	183	1,625	224	47,434
Effect of PPA adjustments *	–	–	–	–	(93)	–	(93)
At 1 January 2017 (as restated)	61,644	(16,291)	49	183	1,532	224	47,341
Loss for the period	–	–	–	–	(302)	(91)	(393)
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	8	–	–	–	8
Other comprehensive income for the period, net of tax	–	–	8	–	–	–	8
Total comprehensive income for the period	–	–	8	–	(302)	(91)	(385)
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	127	–	–	127
Dividend on ordinary shares	–	–	–	–	(1,200)	–	(1,200)
At 30 June 2017	61,644	(16,291)	57	310	30	133	45,883
Profit/(loss) for the period	–	–	–	–	90	(42)	48
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	(3)	–	–	–	(3)
Other comprehensive income for the period, net of tax	–	–	(3)	–	–	–	(3)
Total comprehensive income for the period	–	–	(3)	–	90	(42)	45
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	47	–	–	47
At 30 September 2017	61,644	(16,291)	54	357	120	91	45,975

* Retrospective adjustments to reflect finalisation of PPA of RSPL in Q2 FY2017

Group	Share capital	Merger reserve	Foreign currency translation reserve	Employee share option reserve	Retained earnings	Non-controlling interests	Total equity
At 1 January 2016	– *	1,000	–	–	1,871	–	2,871
Profit for the period (as previously stated)	–	–	–	–	6,268	–	6,268
Effect of PPA adjustment **	–	–	–	–	(6,065)	–	(6,065)
Profit for the period (as restated)	–	–	–	–	203	–	203
<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)	–	203	–	141
<u>Contributions by and distributions to owners</u>							
Share issuance pursuant to IPO	28,000	–	–	–	–	–	28,000
Share issuance expense	(880)	–	–	–	–	–	(880)
Issuance of shares pursuant to the restructuring exercise (as previously stated)	11,762	(2,110)	–	–	–	–	9,652
Effect of PPA adjustment **	22,821	(15,181)	–	–	–	–	7,640
Issuance of shares pursuant to the restructuring exercise (as restated)	34,583	(17,291)	–	–	–	–	17,292
Grant of equity-settled share options to employees	–	–	–	43	–	–	43
Dividend on ordinary shares	–	–	–	–	(1,200)	–	(1,200)
At 30 June 2016 (as restated)	61,703	(16,291)	(62)	43	874	–	46,267
Profit for the period (as previously stated)	–	–	–	–	359	–	359
Effect of PPA adjustment **	–	–	–	–	(99)	–	(99)
Profit for the period (as restated)	–	–	–	–	260	–	260
<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	–	260	–	297
<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 (as restated)	61,703	(16,291)	(25)	112	1,134	50	46,683

* Denotes less than S\$1,000

** Retrospective adjustment to reflect finalisation of PPA of the SSPL Group in Q4 FY2016

Company	Share capital S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2017	61,644	183	1,640	63,467
Loss for the period, representing total comprehensive income for the period	–	–	(373)	(373)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	127	–	127
Dividend on ordinary shares	–	–	(1,200)	(1,200)
At 30 June 2017	61,644	310	67	62,021
Loss for the period, representing total comprehensive income for the period	–	–	(83)	(83)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	–	47	–	47
At 30 September 2017	61,644	357	(16)	61,985
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 (as previously stated)	11,762	–	–	11,762
Effect of PPA adjustment	22,821	–	–	22,821
Issuance of shares pursuant to the restructuring exercise (as restated)	34,583	–	–	34,583
Grant of equity-settled share options to employees	–	43	–	43
Dividend on ordinary shares	–	–	(1,200)	(1,200)
At 30 June 2016 (as restated)	61,703	43	334	62,080
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 (as restated)	61,703	112	(118)	61,697

* Denotes less than S\$1,000

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the corresponding period immediately preceding financial year.**

	Number of shares	Issued and paid-up share capital S\$
As at 30 September 2017 and 30 June 2017	400,000,000	61,644,000

There were 224,000,000 warrants outstanding as at 30 September 2017 and 30 September 2016, 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 as at 30 September 2017 and 30 September 2016.

As at 30 September 2017 and 30 September 2016, there were no treasury shares held by the Company and there were no subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30/09/17	As at 31/12/16
Total number of issued shares excluding treasury shares	400,000,000	400,000,000

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

There were no treasury shares held by the Company.

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

There were no subsidiary holdings.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for 9M FY2017 as its most recently audited financial statements for FY2016.

- 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 9M FY2017.

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 FY2017	Q3 FY2016	9M FY2017	9M FY2016
Profit/(loss) attributable to owners of the Company (S\$'000)	90	260	(212)	463
Weighted average number of shares ('000)	400,000	400,000	400,000	382,015
Basic and diluted EPS based on weighted average number of shares (cents)	0.02	0.07	(0.05)	0.12

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 30/09/17	As at 31/12/16	As at 30/09/17	As at 31/12/16
Net asset value (S\$'000)	45,884	47,117	61,985	63,467
Number of shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	11.47	11.78	15.50	15.87

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 13.6% or S\$1.23 million, from S\$9.01 million in Q3 FY2016 to S\$10.24 million in Q3 FY2017 mainly due to the following:

- (1) increase in revenue of S\$0.91 million from the security guarding segment as a result of securing more contracts and increase in average selling price;
- (2) increase in revenue of S\$0.34 million from the systems integration segment contributed by Soverus Kingdom Systems Pte. Ltd. incorporated in October 2016.

There were no significant fluctuations of revenue in cyber security, homeland security and security printing segment.

Cost of sales

Cost of sales increased by 16.8% or S\$1.22 million, from S\$7.26 million in Q3 FY2016 to S\$8.47 million in Q3 FY2017, in line with the increase in revenue.

Gross profit

In line with the increase in revenue, gross profit increased by 0.6% or S\$0.01 million, from S\$1.75 million in Q3 FY2016 to S\$1.76 million in Q3 FY2017. Gross profit margin decreased from 19.4% in Q3 FY2016 to 17.2% in Q3 FY2017, due mainly to increased revenue contribution from the security guarding segment, which has lower gross profit margins as compared to other business segments.

Other operating income

Other operating income increased by 3.5% or S\$0.02 million, from S\$0.51 million in Q3 FY2016 to S\$0.53 million in Q3 FY2017 largely due to the receipt of government grant, partially offset by a decrease in interest income on bank balances.

Distribution and selling expenses

Distribution and selling expenses increased by 22.0% or S\$0.12 million, from S\$0.54 million in Q3 FY2016 to S\$0.65 million in Q3 FY2017 mainly due to business expansion with new sales staff being employed, incremental cost incurred for the new subsidiaries and the amortisation of customer relationship arising from the fair valuation of the SSPL Group and RSPL.

Administrative expenses

Administrative expenses increased by 12.4% or S\$0.18 million, from S\$1.45 million in Q3 FY2016 to S\$1.63 million in Q3 FY2017 mainly due to increase in corporate staff cost to augment our corporate functions to support the Group's expansion plans and incremental costs incurred by the new subsidiaries.

Profit/(loss) attributable to owners of the Company

Profit attributable to owners of the Company of S\$0.09 million in Q3 FY2017 was mainly due to the refund of corporate tax in Secura Security Printing Sdn. Bhd which offset the increase in distribution and selling expenses and administrative expenses.

REVIEW OF THE GROUP'S FINANCIAL POSITIONNon-current assets

The Group's non-current assets increased by 17.49% or S\$6.46 million, from S\$36.94 million as at 31 December 2016 to S\$43.40 million as at 30 September 2017 mainly due to the addition of property, plant and equipment and the acquisition of 20% of the issued and paid-up share capital of Custodio Technologies Pte. Ltd. ("CTPL"), this offsets the amortisation of intangible assets.

Current assets

The Group's current assets decreased by 29.56% or S\$9.34 million, from S\$31.61 million as at 31 December 2016 to S\$22.26 million as at 30 September 2017 mainly due to a S\$10.78 million decrease in cash and cash equivalents as a result of cash used for the acquisition of CTPL, payment of dividends, acquisition of property, plant and equipment, and the repayment of bank loans, as well as a S\$0.63 million decrease in inventory as a result of increased inventory turnover. The above was partially offset by an increase in trade and other receivables of S\$1.40 million and an increase in prepaid operating expenses of S\$0.85 million.

Current liabilities

The Group's current liabilities decreased by 12.78% or S\$1.12 million, from S\$8.78 million as at 31 December 2016 to S\$7.66 million as at 30 September 2017 mainly due to a decrease in trade and other payables of S\$1.55 million in relation to trade settlement and payment made for office renovation cost of our property at 38 Alexandra Terrace, partially offset by an increase in deferred revenue of S\$0.22 million and an increase in accrued operating expenses of S\$0.28 million.

Non-current liabilities

The Group's non-current liabilities decreased by 3.17% or S\$0.39 million, from S\$12.42 million as at 31 December 2016 to S\$12.02 million as at 30 September 2017 mainly due to repayment of bank loan of S\$0.50 million and partially offset by an increase in finance lease of machineries and motor vehicles of S\$0.18 million.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

We generated operating cash flows before working capital changes of S\$0.86 million for Q3 FY2017. Net cash used in working capital amounted to S\$1.72 million mainly due to increase in trade and other receivables of S\$1.04 million, increase in prepaid operating expenses of S\$0.47 million, decrease in trade and other payables of S\$1.04 million and partially offset by decrease in inventories of S\$0.52 million, decrease in amount due from a joint venture of S\$0.04 million and increase in accrued operating expenses of S\$0.27 million. Net cash used in operating activities for Q3 FY2017 amounted to S\$0.74 million.

Net cash generated from investing activities for Q3 FY2017 amounted to S\$0.03 million. This was primarily due to the proceeds from the disposal of property, plant and equipment of S\$0.02 million.

Net cash used in financing activities for Q3 FY2017 amounted to S\$0.14 million. This was due to repayment of bank loan of S\$0.18 million, repayment of finance lease of S\$0.03 million and partially offset by refund of fixed deposits pledged of S\$0.03 million and S\$0.05 million loan contribution from non-controlling interest in a subsidiary.

As at 30 September 2017, the Group's cash and cash equivalents amounted to S\$9.05 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has met with challenges in certain new business and overseas expansion initiatives. In particular, the cyber security business segment, namely RSPL, remains challenging and goodwill on consolidation arising from the acquisition of RSPL which was previously recognised, may be impaired. The amount of impairment will be assessed and determined, and is expected to be recognised in the current financial year.

Aside from the above impairment indication, our mainstream business segments of security guarding and security printing continue to generate steady income and cash flow for the Group, while our newer businesses in surveillance systems integration and security training are well-positioned to capitalise on growing demands.

The Group continues to monitor its business costs while embracing new technologies and capabilities to strengthen its operation and the Management is actively reviewing the Group's cost structure to return to sustainable profitability.

11. Dividend

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

Nil

(b) Corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

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

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for interested person transactions. There were no interested person transactions of S\$100,000 or more for Q3 FY2017.

14. Use of IPO proceeds

Pursuant to the IPO, the Company received net proceeds from the IPO of approximately S\$26.1 million (the “**Net Proceeds**”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

Purpose	Allocation of Net Proceeds (as announced on 24 July 2017) (S\$'000)	Net Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expand cyber security, technology and systems integration business	14,800	(9,498)	5,302
Enhance and upgrade security printing equipment	1,000	(1,000)	–
Corporate infrastructure improvements	4,000	(4,000)	–
General working capital purposes	6,300	(6,005)	295
	26,100	(20,503)	5,597

15. Confirmation by the issuer pursuant to Rule 720(1)

The Company has procured the undertakings from all its Directors and executive officers as required under Rule 720(1) of the Catalist Rules.

16. Negative confirmation by the board pursuant to Rule 705(5)

To the best knowledge of the Board, nothing has come to the attention of the Board which may render the financial results for Q3 FY2017 and 9M FY2017 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Ho Tat Kin
Chairman and Independent Director

Lim Siok Leng
Chief Financial Officer

02 November 2017