



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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 30 JUNE 2022**

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

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

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

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Increase/ (Decrease) %
		H1 FY2022 S\$'000	H1 FY2021 S\$'000	
Revenue	2.12	21,662	18,185	19.1
Cost of sales		(20,005)	(16,171)	23.7
Gross profit		1,657	2,014	(17.7)
Other operating income	2.13	1,838	1,758	4.6
Distribution and selling expenses		(778)	(635)	22.5
Administrative expenses		(2,220)	(2,216)	0.2
Finance cost		(34)	(88)	(61.4)
Share of results of joint ventures and associates		129	10	N.M
Write back on financial assets		–	10	N.M
Profit before tax	2.14	592	853	(30.6)
Income tax expense		(133)	(37)	N.M
Profit for the period		459	816	(43.8)
Other comprehensive income				
Items that may be classified subsequently to profit or loss				
Foreign currency translation		–	(1)	N.M
Share of foreign currency translation of joint ventures and associates		5	–	N.M
Total comprehensive income for the period		464	815	(43.1)
Profit for the period attributable to:				
Owners of the Company		459	816	(43.8)
		459	816	(43.8)
Total comprehensive income attributable to:				
Owners of the Company		464	816	(43.1)
Non-controlling interests		–	(1)	N.M
		464	815	(43.1)
Earnings per share (cents per share)				
Basic and diluted earnings per share		0.11	0.20	

N.M: Not meaningful

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

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000
Non-current assets					
Property, plant and equipment	2.6	22,843	23,378	14,284	14,360
Right-of-use assets		1,049	1,135	–	–
Investment property		492	501	2,460	2,505
Investment in subsidiaries		–	–	22,284	22,284
Investment in joint ventures		693	688	–	–
Investment in associates		1,613	1,573	–	–
		<u>26,690</u>	<u>27,275</u>	<u>39,028</u>	<u>39,149</u>
Current assets					
Inventories		587	705	–	–
Trade and other receivables	2.7	9,237	7,555	26	22
Contract assets		479	890	–	–
Prepaid operating expenses		472	384	53	24
Amounts due from subsidiaries		–	–	393	501
Amount due from joint ventures		41	–	–	–
Cash and cash equivalents	2.8	16,160	17,412	2,897	4,770
		<u>26,976</u>	<u>26,946</u>	<u>3,369</u>	<u>5,317</u>
Total assets		<u>53,666</u>	<u>54,221</u>	<u>42,397</u>	<u>44,466</u>
Current liabilities					
Trade and other payables	2.9	3,788	2,881	244	242
Contract liabilities		338	336	–	–
Accrued operating expenses		1,595	1,492	139	195
Lease liabilities	2.10	72	109	–	–
Bank loan	2.10	295	295	295	295
Amount due to subsidiaries		–	–	1,202	1,202
Amount due to joint ventures		–	191	–	–
Income tax payable		449	323	–	–
		<u>6,537</u>	<u>5,627</u>	<u>1,880</u>	<u>1,934</u>
Net current assets		<u>20,439</u>	<u>21,319</u>	<u>1,489</u>	<u>3,383</u>
Non-current liabilities					
Lease liabilities	2.10	788	836	–	–
Provision of reinstatement cost		122	122	–	–
Bank loan	2.10	2,392	2,531	2,392	2,531
Deferred tax liabilities		731	873	–	–
		<u>4,033</u>	<u>4,362</u>	<u>2,392</u>	<u>2,531</u>
Total liabilities		<u>10,570</u>	<u>9,989</u>	<u>4,272</u>	<u>4,465</u>
Net assets		<u>43,096</u>	<u>44,232</u>	<u>38,125</u>	<u>40,001</u>
Equity					
Share capital	2.11	61,644	61,644	61,644	61,644
Merger reserve		(16,291)	(16,291)	–	–
Foreign currency translation reserve		(37)	(42)	–	–
Employee share option reserve		111	396	111	396
Accumulated losses		(2,331)	(1,475)	(23,630)	(22,039)
Total equity		<u>43,096</u>	<u>44,232</u>	<u>38,125</u>	<u>40,001</u>

- 1(c) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital (S\$'000)	Merger reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Employee share option reserve (S\$'000)	Accumulated losses (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
At 1 January 2022	61,644	(16,291)	(42)	396	(1,475)	–	44,232
Profit for the period	–	–	–	–	459	–	459
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	5	–	–	–	5
Other comprehensive income for the period, net of tax	–	–	5	–	–	–	5
Total comprehensive income for the period	–	–	5	–	459	–	464
<u>Contributions by and distributions to owners</u>							
Lapse of equity-settled share options	–	–	–	(285)	285	–	–
Dividend paid on ordinary shares	–	–	–	–	(1,600)	–	(1,600)
At 30 June 2022	61,644	(16,291)	(37)	111	(2,331)	–	43,096
Group	Share capital (S\$'000)	Merger reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Employee share option reserve (S\$'000)	Accumulated losses (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
At 1 January 2021	61,644	(16,291)	(71)	389	(2,316)	49	43,404
Profit for the period	–	–	–	–	816	–	816
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	–	–	–	(1)	(1)
Other comprehensive income for the period, net of tax	–	–	–	–	–	(1)	(1)
Total comprehensive income for the period	–	–	–	–	816	(1)	815
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	–	–	–	7	–	–	7
Dividend paid on ordinary shares	–	–	–	–	(1,600)	–	(1,600)
At 30 June 2021	61,644	(16,291)	(71)	396	(3,100)	48	42,626

- 1(c) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Company	Share capital S\$'000	Employee share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2022	61,644	396	(22,039)	40,001
Loss for the period, representing total comprehensive income for the period	–	–	(276)	(276)
<u>Contributions by and distributions to owners</u>				
Lapse of equity-settled share options	–	(285)	285	–
Dividend paid on ordinary shares	–	–	(1,600)	(1,600)
At 30 June 2022	61,644	111	(23,630)	38,125

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	H1 FY2022	H1 FY2021
	S\$'000	S\$'000
Operating activities:		
Profit before tax	592	853
Adjustments for:		
Depreciation of property, plant and equipment and investment property	628	721
Amortisation of right-of-use assets	57	70
Gain on disposal of property, plant and equipment	–	(38)
Write back on financial assets	–	(10)
Write back of stock obsolescence	–	(19)
Interest income	(27)	(47)
Share of results of joint ventures and associates	(129)	(10)
Unrealised exchange loss, net	25	40
Finance cost on bank borrowing and finance lease	34	88
Grant of equity-settled share options to employees	–	7
Operating cash flows before working capital changes	1,180	1,655
Decrease in inventories	119	214
(Increase)/decrease in trade and other receivables and contract assets	(1,314)	904
(Increase)/decrease in prepaid operating expenses	(88)	5
(Decrease)/increase in amount due to a joint venture	(232)	167
Increase/(decrease) in trade and other payables and contract liabilities	910	(1,202)
Increase in accrued operating expenses	102	116
Cash flows generated from operations	677	1,859
Interest received	27	47
Interest paid	(34)	(88)
Tax paid	(148)	(39)
Net cash flows generated from operating activities	522	1,779
Investing activities:		
Proceeds from disposal of property, plant and equipment	–	38
Purchase of property, plant and equipment	(85)	(33)
Dividend received from associate company	131	–
Net cash flows generated from investing activities	46	5
Financing activities:		
Dividend paid on ordinary shares	(1,600)	(1,600)
Repayment of leases	(55)	(65)
Repayment of bank loan	(139)	(356)
Net cash flows used in financing activities	(1,794)	(2,021)
Net decrease in cash and cash equivalents	(1,226)	(237)
Effect of exchange rate changes on cash and cash equivalents	(26)	(38)
Cash and cash equivalents at beginning of period	17,412	21,028
Cash and cash equivalents at end of period	16,160	20,753

2. Notes to the condensed interim financial statements

2.1 Corporate information

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

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

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

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

2.2 Basis of preparation

The condensed interim financial statements for the half year ended 30 June ("**H1 FY**") 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

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

2.3 New and amended standards adopted by the Group

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

2.4 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

2.5 Segment and revenue information

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into six reportable segments, namely:

- (a) Corporate
- (b) Security Printing
- (c) Security Guarding
- (d) Cyber Security
- (e) Homeland Security and Digital Forensic
- (f) System Integration, Security Consultancy and Security Training

2.6 Property, plant and equipment

During H1 FY2022, the Group acquired property, plant and equipment with an aggregate cost of S\$85,000 (H1 FY2021: S\$33,000).

2.7 Trade and other receivables

	Group		Company	
	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000
Trade receivables	8,645	6,928	–	–
Less: allowance for expected credit loss	(2)	(7)	–	–
Total trade receivables	8,643	6,921	–	–
Other receivables	542	581	13	15
Deposits	52	53	13	7
Total trade and other receivables	9,237	7,555	26	22
Add:				
Amounts due from subsidiaries	–	–	393	501
Cash and cash equivalents	16,160	17,412	2,897	4,770
Total financial assets carried at amortised cost	25,397	24,967	3,316	5,293

Expected credit loss assessment

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

2.8 Cash and cash equivalents

	Group		Company	
	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000
Fixed deposits	9,710	9,099	2,600	3,900
Cash and bank balances	6,450	8,313	297	870
	16,160	17,412	2,897	4,770

Interest on fixed deposits with financial institutions are at rates ranging from 0.38% to 1.50% (FY2022: 0.20% to 2.05%) per annum. These fixed deposits mature in varying periods.

2.9 Trade and other payables

	Group		Company	
	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000
Trade payables	1,900	1,211	–	–
Other payables	1,888	1,670	244	242
Trade and other payables	3,788	2,881	244	242
Add:				
Accrued operating expenses	1,595	1,492	139	195
Lease liabilities	860	945	–	–
Bank loan	2,687	2,826	2,687	2,826
Amounts due to subsidiaries	–	–	1,202	1,202
Less:				
Goods and services tax	(608)	(557)	(15)	(24)
Total financial liabilities carried at amortised cost	8,322	7,587	4,257	4,441

2.10 Loans and borrowings

	Group		Company	
	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000	As at 30/06/2022 S\$'000	As at 31/12/2021 S\$'000
Current:				
Lease liabilities	72	109	–	–
Bank loan	295	295	295	295
	367	404	295	295
Non-current:				
Lease liabilities	788	836	–	–
Bank loan	2,392	2,531	2,392	2,531
	3,180	3,367	2,392	2,531
Total loans and borrowings	3,547	3,771	2,687	2,826

The above leases and bank loan are secured by machineries, motor vehicles and the Alexandra Property.

2.11 Share capital

	Group and Company			
	30/06/2022		31/12/2021	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid ordinary shares				
As at 30 June 2022 and 31 December 2021	400,002,000	61,644	400,002,000	61,644

There were 2,800,000 share options outstanding under the Secura Employee Share Option Scheme as at 30 June 2022 (30 June 2021: 8,400,000 share options). 5,600,000 share options have lapsed following the resignation of a director in H1 FY2022.

As at 30 June 2022 and 30 June 2021, there were no treasury shares held by the Company and there were no subsidiary holdings.

2.12 Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines..

	At a point in time S\$'000	Over time S\$'000	Total S\$'000
<u>H1 FY2022</u>			
Security printing	1,890	676	2,566
Security guarding	–	17,218	17,218
Cyber security	164	31	195
Homeland security and digital forensic	–	21	21
System integration, security consultancy and security training	11	1,651	1,662
Total	2,065	19,597	21,662
<u>H1 FY2021</u>			
Security printing	2,032	796	2,828
Security guarding	–	14,303	14,303
Cyber security	177	46	223
Homeland security and digital forensic	12	49	61
System integration, security consultancy and security training	22	748	770
Total	2,243	15,942	18,185

2.13 Other operating income

	Group	
	H1 FY2022 S\$'000	H1 FY2021 S\$'000
Government grant income	1,649	1,462
Handling fee	61	75
Rental income from investment properties	38	36
Interest income from debt instruments at amortised cost	27	47
Gain on disposal of property, plant and equipment	–	38
Scrap sales	14	5
Income from short-term lease	–	12
Management fee from a joint venture	4	6
Bad debts recovered from an associate	–	50
Others	45	27
	1,838	1,758

2.14 Profit before tax

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

	Group	
	H1 FY2022 S\$'000	H1 FY2021 S\$'000
Depreciation of property, plant and equipment and investment property	628	721
Amortisation of right-of-use assets	57	70
Write back of stock obsolescence	–	(19)
Write back on financial assets	–	(10)
Directors' fees	125	125
Gain on disposal of property, plant and equipment	–	(38)
Finance costs		
- Interest expense on bank loan	18	69
- Interest expense on leases	16	19
Employee benefits		
- Wages, salaries and bonuses	16,396	13,278
- Central Provident Fund contributions	1,638	1,459
- Share-based payments expense	–	7
- Other short-term benefits	742	685

2.15 Operating segment

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

Sales revenue by products and services

	Corporate S\$'000	Security Printing S\$'000	Security Guarding S\$'000	Cyber Security S\$'000	Homeland Security and Digital Forensic S\$'000	System Integration, Security Consultancy and Security Training S\$'000	Elimination S\$'000	Group S\$'000
H1 FY2022								
External customers	–	2,566	17,218	195	21	1,662	–	21,662
Inter-segment	540	1	16	1	–	102	(660)	–
Results:								
Interest income	6	21	–	–	–	–	–	27
Depreciation of property, plant and equipment and investment property	135	406	72	1	3	11	–	628
Amortisation of right- of-use assets	–	48	–	–	–	9	–	57
Share of results of joint ventures and associates	–	129	–	–	–	–	–	129
Segment (loss)/profit	(277)	(69)	804	(12)	(20)	33	–	459
Assets:								
Segment assets	20,605	19,892	13,044	300	417	1,380	(1,972)	53,666
Liabilities:								
Segment liabilities	4,272	2,810	4,588	373	34	1,104	(2,611)	10,570
H1 FY2021								
External customers	–	2,828	14,303	223	61	770	–	18,185
Inter-segment	636	1	–	13	3	764	(1,417)	–
Results:								
Interest income	13	34	–	–	–	–	–	47
Depreciation of property, plant and equipment and investment property	156	462	62	1	4	36	–	721
Amortisation of right- of-use assets	–	54	–	–	–	16	–	70
Share of results of joint ventures and associates	–	10	–	–	–	–	–	10
Segment (loss)/profit	(221)	44	1,054	(118)	11	46	–	816
Assets:								
Segment assets	30,328	19,635	9,085	303	480	2,291	(5,452)	56,670
Liabilities:								
Segment liabilities	11,916	2,678	3,479	325	45	1,712	(6,111)	14,044

2.15 Operating segment (cont'd)

Geographical information

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

	H1 FY2022	H1 FY2021
	S\$'000	S\$'000
Revenue		
Singapore	21,645	18,173
Malaysia	17	–
Philippines	–	12
	<hr/>	<hr/>
	21,662	18,185
	<hr/>	<hr/>
Non-current assets		
Singapore	24,541	25,872
Taiwan	536	495
Bangladesh	1,613	1,186
	<hr/>	<hr/>
	26,690	27,553
	<hr/>	<hr/>

Non-current assets presented above consist of property, plant and equipment, investment property, investment in joint ventures and investment in associates.

Other information required under the Catalyst Rules

- 3 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.

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

Not applicable.

- 4A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

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

Not applicable.

- 5 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	H1 FY2022	H1 FY2021
Profit attributable to owners of the Company (S\$'000)	459	816
Weighted average number of shares ('000)	400,002	400,002
Basic and diluted EPS based on weighted average number of shares (cents)	0.11	0.20

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

- 6 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 30/06/22	As at 31/12/21	As at 30/06/22	As at 31/12/21
Net asset value (S\$'000)	43,096	44,232	38,125	40,001
Number of shares ('000)	400,002	400,002	400,002	400,002
Net asset value per share (cents)	10.77	11.06	9.53	10.00

- 7 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 19.1% or S\$3.48 million, from S\$18.19 million in H1 FY2021 to S\$21.66 million in H1 FY2022 mainly due to an increase in revenue from the security guarding segment of S\$2.92 million or 20.4% and system integration segment of S\$0.72 million or 170.5% due to the award of new contracts. These were partially offset by the decrease in revenue of S\$0.26 million or 9.3% in the security printing segment due to the decrease in demand for printed products in line with nationwide digitisation initiatives.

Cost of sales

Cost of sales increased by 23.7% or S\$3.83 million, from S\$16.17 million in H1 FY2021 to S\$20.01 million in H1 FY2022, in line with the increase in revenue.

Gross profit

Gross profit decreased by 17.7% or S\$0.36 million, from S\$2.01 million in H1 FY2021 to S\$1.66 million in H1 FY2022. Gross profit margin decreased from 11.1% in H1 FY2021 to 7.6% in H1 FY2022 mainly due to higher wages for the security officers as a result of the adoption of the progressive wage model, increased cost for relief cover for officers infected with COVID-19 and inflation.

Other operating income

Other operating income increased by 4.6% or S\$0.08 million, from S\$1.76 million in H1 FY2021 to S\$1.84 million in H1 FY2022. This was mainly due to increase in the Job Growth Incentive ("JGI") and the Wage Credit Scheme grants.

Distribution and selling expenses

Distribution and selling expenses increased by 22.5% or S\$0.14 million, from S\$0.64 million in H1 FY2021 to S\$0.78 million in H1 FY2022 mainly due to increase in staff headcounts.

Administrative expenses

Administrative expenses remained relatively stable at S\$2.22 million in both H1 FY2022 and H1 FY2021.

Finance cost

Finance cost decreased by 61.4% or S\$0.05 million, from S\$0.09 million in H1 FY2021 to S\$0.03 million in H1 FY2022 mainly due to partial loan repayment and lower interest rate on refinanced bank loan.

Share of results of joint ventures and associates

Share of results in joint ventures and associates amounted to S\$0.13 million in H1 FY2022, mainly attributed to the share of profits from the investment in associate of Secura Bangladesh Ltd of S\$0.10 million.

Income tax expense

Income tax expenses increased by S\$0.09 million from S\$0.04 million in H1 FY2021 to S\$0.13 million in H1 FY2022 mainly due to the JGI grant received being taxable in nature whereas the Jobs Support Scheme grant received in H1 FY2021 was non-taxable in nature.

Profit for the period

As a result of the above, the Group recorded a net profit after tax of S\$0.46 million in H1 FY2022 compared to S\$0.82 million in H1 FY2021.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Total assets of the Group of S\$53.67 million as of 30 June 2022 were lower compared to S\$54.22 million as of 31 December 2021. The decrease was largely due to the net decrease in property, plant and equipment of S\$0.54 million as a result of depreciation charged and a net decrease in cash and cash equivalents of S\$1.25 million recorded during H1 FY2022. The decrease was partially offset by the increase in trade and other receivables and contract assets of S\$1.27 million in aggregate, in line with the increase in revenue.

Total liabilities of the Group of S\$10.57 million as of 30 June 2022 were higher compared to S\$9.99 million as of 31 December 2021. The increase was mainly due to an increase in trade and other payables and accrued operating expenses of S\$1.01 million in aggregate. The increase was partially offset by the reduction in bank borrowing and lease liabilities of S\$0.22 million.

Total equity of the Group was S\$43.10 million as of 30 June 2022 compared to S\$44.23 million as of 31 December 2021. The decrease was mainly due to dividends of S\$1.60 million paid to shareholders of the Company, partially offset by the profits generated during the period.

REVIEW OF THE GROUP'S CASH FLOWS STATEMENT

The Group generated operating cash flows before working capital changes of S\$1.18 million for H1 FY2022. Net cash used from working capital amounted to S\$0.50 million mainly due to increase in trade and other receivables and contract assets of S\$1.31 million, partially offset by increase in trade and other payables and contract liabilities of S\$0.91 million. Net cash generated from operating activities for H1 FY2022 amounted to S\$0.52 million.

Net cash generated from investing activities for H1 FY2022 amounted to S\$0.05 million due to dividend received from associate company, partially offset by the additions of property, plant and equipment.

Net cash used in financing activities for H1 FY2022 amounted to S\$1.79 million. This was due to dividend payment of S\$1.60 million, repayment of bank loan and leases of S\$0.14 million and S\$0.06 million respectively.

As at 30 June 2022, the Group's cash and cash equivalents amounted to S\$16.16 million.

8 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.

9 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.

Though revenue grew by 19.1% for H1 FY2022, our gross profit margin declined to 7.6% mainly due to higher wages as a result of the adoption of progressive wage model and increased cost for relief cover for officers infected with COVID-19 within the security guarding sector and inflation. Revenue from the security guarding and system integration segments are expected to remain steady from previously secured contracts. For the security printing segment, revenue is anticipated to decline due to the reduced offtake from financial institutions.

The overall business environment continues to be challenging due to uncertainty revolving around the pandemic, war in Ukraine and increasing operating costs due to global supply chain disruption. As the global economic outlook remains uncertain, the Group continues to maintain a cautious outlook in the next 12 months.

10 Dividend

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

Nil

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

Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) Date payable

Not applicable

(e) Date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividends are determined.

Not applicable

If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended by the board of directors ("Directors") of the Company in respect of H1 FY2022. The Group intends to redeploy its cash reserves for the purposes of the Group's development and operations.

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

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions. During H1 FY2022, 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\$145,000	–

The interested party transactions were related to executive protection services provided to Mr. Peter Lim, a controlling shareholder of the Company.

12 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.

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

To the best knowledge of the Board, nothing has come to the attention of the Board which may render the financial results for H1 FY2022 of the Group and the Company to be false or misleading in any material aspect.

14 Disclosure pursuant to Rule 706A of the Catalist Rules

Soverus Group Pte. Ltd. ("SGPL"), a wholly-owned dormant subsidiary of the Company, has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act 1967 of Singapore on 10 March 2022.

The striking-off of SGPL is not expected to have any material impact on the net tangible assets and earnings per share of the Group for H1 FY2022.

None of the directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the striking-off of SGPL, other than through their respective shareholdings in the Company.

Save as disclosed above, there was no acquisition and/or sale of shares by the Company in its subsidiary or associated company during H1 FY2022 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

Barry Kan
Executive Director and Chief Executive Officer

Melissa Lim
Chief Financial Officer

05 August 2022