



**SECURA**  
**GROUP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS FOR THE  
HALF YEAR ENDED 30 JUNE 2020**

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

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

The contact persons for the Sponsor are Mr. David Tham, Senior Director, Equity Capital Markets and Ms. Priscilla Ong, Vice President, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.



**UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020**

**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                |                      | Increase/<br>(Decrease)<br>% |
|--|----------------------|----------------------|------------------------------|
|  | H1 FY2020<br>S\$'000 | H1 FY2019<br>S\$'000 |                              |
| Revenue  | 16,885               | 19,904               | (15.2)                       |
| Cost of sales  | (13,958)             | (16,896)             | (17.4)                       |
| <b>Gross profit</b>  | <b>2,927</b>         | <b>3,008</b>         | <b>(2.7)</b>                 |
| Other operating income   | 2,565                | 740                  | N.M                          |
| Distribution and selling expenses                                      | (662)                | (889)                | (25.5)                       |
| Administrative expenses  | (2,275)              | (2,440)              | (6.8)                        |
| Finance cost   | (112)                | (183)                | (38.8)                       |
| Share of results of joint ventures and associates                      | (340)                | 38                   | N.M                          |
| <b>Profit before tax</b>   | <b>2,103</b>         | <b>274</b>           | <b>N.M</b>                   |
| Income tax expense   | (12)                 | (58)                 | (79.3)                       |
| <b>Profit for the period</b>   | <b>2,091</b>         | <b>216</b>           | <b>N.M</b>                   |
| <b>Other comprehensive income</b>                                      |                      |                      |                              |
| <b>Items that may be classified subsequently to profit or loss</b>     |                      |                      |                              |
| Foreign currency translation   | (1)                  | –                    | N.M                          |
| Share of foreign currency translation of joint ventures and associates | 36                   | (1)                  | N.M                          |
| <b>Total comprehensive income for the period</b>                       | <b>2,126</b>         | <b>215</b>           | <b>N.M</b>                   |
| <b>Profit for the period attributable to:</b>                          |                      |                      |                              |
| Owners of the Company  | 2,091                | 216                  | N.M                          |
| Non-controlling interests  | –                    | –                    | –                            |
|  | <b>2,091</b>         | <b>216</b>           | <b>N.M</b>                   |
| <b>Total comprehensive income attributable to:</b>                     |                      |                      |                              |
| Owners of the Company  | 2,127                | 216                  | N.M                          |
| Non-controlling interests  | (1)                  | (1)                  | –                            |
|  | <b>2,126</b>         | <b>215</b>           | <b>N.M</b>                   |

N.M: Not meaningful

**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                |                      | Increase/<br>(Decrease)<br>% |
|--|----------------------|----------------------|------------------------------|
|  | H1 FY2020<br>S\$'000 | H1 FY2019<br>S\$'000 |                              |
| <u>Material items included in other operating income:</u>            |                      |                      |                              |
| Government grant income  | 2,284                | 395                  | N.M                          |
| Interest income  | 98                   | 107                  | (8.4)                        |
| Bad debts recovered from associate                                   | 10                   | 30                   | (66.7)                       |
| <u>Material items included in distribution and selling expenses:</u> |                      |                      |                              |
| Amortisation of intangible assets                                    | (109)                | (109)                | –                            |
| <u>Material items included in administrative expenses:</u>           |                      |                      |                              |
| Loss on disposal of property, plant and equipment                    | –                    | (4)                  | N.M                          |
| (Impairment loss)/write back on financial assets                     | (13)                 | 34                   | N.M                          |
| Grant of equity-settled share options to employees                   | (17)                 | (4)                  | N.M                          |
| Foreign exchange gain/(loss), net                                    | 49                   | (10)                 | N.M                          |
| <u>Material items included in finance costs:</u>                     |                      |                      |                              |
| Finance cost on bank borrowing and finance lease                     | (97)                 | (165)                | (41.2)                       |
| Finance cost on the right-of-use assets                              | (16)                 | (18)                 | (11.1)                       |
| Depreciation of property, plant and equipment                        | (842)                | (972)                | (13.4)                       |
| Amortisation of right-of-use assets                                  | (98)                 | (79)                 | 24.1                         |

N.M: 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<br>30/06/2020<br>S\$'000 | As at<br>31/12/2019<br>S\$'000 | As at<br>30/06/2020<br>S\$'000 | As at<br>31/12/2019<br>S\$'000 |
| <b>Non-current assets</b>            |                                |                                |                                |                                |
| Property, plant and equipment        | 25,247                         | 26,070                         | 14,708                         | 14,871                         |
| Right-of-use assets                  | 1,348                          | 1,446                          | –                              | –                              |
| Investment property                  | 528                            | 537                            | 2,640                          | 2,685                          |
| Intangible assets                    | 1,104                          | 1,214                          | –                              | –                              |
| Investment in subsidiaries           | –                              | –                              | 21,034                         | 21,034                         |
| Investment in joint ventures         | 795                            | 789                            | –                              | –                              |
| Investment in associates             | 1,601                          | 1,912                          | 952                            | 952                            |
| Deferred tax asset                   | –                              | –                              | 220                            | 220                            |
| Trade and other receivables          | 2                              | 2                              | –                              | –                              |
|                                      | 30,625                         | 31,970                         | 39,554                         | 39,762                         |
| <b>Current assets</b>                |                                |                                |                                |                                |
| Inventories                          | 975                            | 2,288                          | –                              | –                              |
| Trade and other receivables          | 6,817                          | 8,263                          | 14                             | 58                             |
| Contract assets                      | 815                            | 350                            | –                              | –                              |
| Prepaid operating expenses           | 434                            | 348                            | 59                             | 18                             |
| Amounts due from subsidiaries        | –                              | –                              | 139                            | 1,593                          |
| Amount due from a joint venture      | –                              | 87                             | –                              | –                              |
| Cash and cash equivalents            | 18,067                         | 14,479                         | 9,814                          | 7,820                          |
|                                      | 27,108                         | 25,815                         | 10,026                         | 9,489                          |
| <b>Current liabilities</b>           |                                |                                |                                |                                |
| Trade and other payables             | 2,824                          | 3,024                          | 247                            | 268                            |
| Contract liabilities                 | 682                            | 2,272                          | –                              | –                              |
| Accrued operating expenses           | 1,184                          | 1,224                          | 214                            | 173                            |
| Lease liabilities                    | 123                            | 148                            | –                              | –                              |
| Bank loan                            | 833                            | 833                            | 833                            | 833                            |
| Amount due to subsidiaries           | –                              | –                              | 5,430                          | 4,650                          |
| Amount due to a joint venture        | 139                            | –                              | –                              | –                              |
| Income tax payable                   | 350                            | 391                            | –                              | –                              |
|                                      | 6,135                          | 7,892                          | 6,724                          | 5,924                          |
| <b>Net current assets</b>            | 20,973                         | 17,923                         | 3,302                          | 3,565                          |
| <b>Non-current liabilities</b>       |                                |                                |                                |                                |
| Lease liabilities                    | 974                            | 1,030                          | –                              | –                              |
| Provision of reinstatement cost      | 122                            | 122                            | –                              | –                              |
| Bank loan                            | 7,412                          | 7,742                          | 7,412                          | 7,742                          |
| Deferred tax liabilities             | 577                            | 629                            | –                              | –                              |
|                                      | 9,085                          | 9,523                          | 7,412                          | 7,742                          |
| <b>Net assets</b>                    | 42,513                         | 40,370                         | 35,444                         | 35,585                         |
| <b>Equity</b>                        |                                |                                |                                |                                |
| Share capital                        | 61,644                         | 61,644                         | 61,644                         | 61,644                         |
| Merger reserve                       | (16,291)                       | (16,291)                       | –                              | –                              |
| Foreign currency translation reserve | (66)                           | (102)                          | –                              | –                              |
| Employee share option reserve        | 388                            | 371                            | 378                            | 361                            |
| Accumulated losses                   | (3,210)                        | (5,301)                        | (26,578)                       | (26,420)                       |
|                                      | 42,465                         | 40,321                         | 35,444                         | 35,585                         |
| Non-controlling interests            | 48                             | 49                             | –                              | –                              |
| <b>Total equity</b>                  | 42,513                         | 40,370                         | 35,444                         | 35,585                         |

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

| As at 30/06/2020 |           | As at 31/12/2019 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 956              | –         | 981              | –         |

**Amount repayable after one year**

| As at 30/06/2020 |           | As at 31/12/2019 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 8,386            | –         | 8,772            | –         |

**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 ("**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                |                      |
|--|----------------------|----------------------|
|  | H1 FY2020<br>S\$'000 | H1 FY2019<br>S\$'000 |
| <b>Cash flows from operating activities:</b>                             |                      |                      |
| Profit before tax  | 2,103                | 274                  |
| Adjustments for:   |                      |                      |
| Depreciation of property, plant and equipment                            | 842                  | 972                  |
| Amortisation of intangible assets  | 109                  | 109                  |
| Amortisation of right-of-use assets                                      | 98                   | 79                   |
| Loss on disposal of property, plant and equipment                        | –                    | 4                    |
| Impairment loss/(write back) on financial assets                         | 13                   | (34)                 |
| Interest income  | (98)                 | (107)                |
| Share of results of joint ventures and associates                        | 340                  | (38)                 |
| Unrealised exchange loss, net  | 22                   | 18                   |
| Finance cost on bank borrowing and finance lease                         | 97                   | 165                  |
| Finance cost on the right-of-use assets                                  | 16                   | 18                   |
| Grant of equity-settled share options to employees                       | 17                   | 4                    |
| <b>Operating cash flows before working capital changes</b>               | <b>3,559</b>         | <b>1,464</b>         |
| Decrease in inventories  | 1,313                | 262                  |
| Decrease in trade and other receivables and contract assets              | 969                  | 25                   |
| Increase in prepaid operating expenses                                   | (86)                 | (133)                |
| Increase in amount due to a joint venture                                | 226                  | 261                  |
| (Decrease)/increase in trade and other payables and contract liabilities | (1,790)              | 501                  |
| (Decrease)/increase in accrued operating expenses                        | (40)                 | 8                    |
| <b>Cash flows generated from operations</b>                              | <b>4,151</b>         | <b>2,388</b>         |
| Interest received  | 98                   | 49                   |
| Interest paid  | (97)                 | (183)                |
| Tax paid   | (103)                | (29)                 |
| <b>Net cash flows generated from operating activities</b>                | <b>4,049</b>         | <b>2,225</b>         |
| <b>Investing activities:</b>   |                      |                      |
| Proceeds from disposal of property, plant and equipment                  | –                    | 1                    |
| Purchase of property, plant and equipment                                | (10)                 | (379)                |
| Dividend income from a joint venture                                     | –                    | 49                   |
| <b>Net cash flows used in from investing activities</b>                  | <b>(10)</b>          | <b>(329)</b>         |
| <b>Financing activities:</b>   |                      |                      |
| Issuance of shares   | –                    | – *                  |
| Dividend paid on ordinary shares   | –                    | (1,200)              |
| Repayment of leases  | (98)                 | (120)                |
| Repayment of bank loan   | (329)                | (355)                |
| <b>Net cash flows used in financing activities</b>                       | <b>(427)</b>         | <b>(1,675)</b>       |
| <b>Net increase in cash and cash equivalents</b>                         | <b>3,612</b>         | <b>221</b>           |
| Effect of exchange rate changes on cash and cash equivalents             | (24)                 | (20)                 |
| Cash and cash equivalents at beginning of period                         | 14,479               | 13,853               |
| <b>Cash and cash equivalents at end of period</b>                        | <b>18,067</b>        | <b>14,054</b>        |

\* Denotes less than S\$1,000

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<br>(S\$'000) | Merger reserve<br>(S\$'000) | Foreign currency translation reserve<br>(S\$'000) | Employee share option reserve<br>(S\$'000) | Accumulated losses)<br>(S\$'000) | Non-controlling interests<br>(S\$'000) | Total equity<br>(S\$'000) |
|--|----------------------------|-----------------------------|---|--|----------------------------------|--|---------------------------|
| <b>At 1 January 2020</b>   | 61,644                     | (16,291)                    | (102)   | 371  | (5,301)                          | 49                                     | 40,370                    |
| Profit for the period  | –                          | –                           | –   | –  | 2,091                            | –                                      | 2,091                     |
| <u>Other comprehensive income</u>                                      |                            |                             |   |  |                                  |  |                           |
| Foreign currency translation   | –                          | –                           | –   | –  | –                                | (1)                                    | (1)                       |
| Share of foreign currency translation of joint ventures and associates | –                          | –                           | 36  | –  | –                                | –                                      | 36                        |
| Other comprehensive income for the period, net of tax                  | –                          | –                           | 36  | –  | –                                | (1)                                    | 35                        |
| Total comprehensive income for the period                              | –                          | –                           | 36  | –  | 2,091                            | (1)                                    | 2,126                     |
| <u>Contributions by and distributions to owners</u>                    |                            |                             |   |  |                                  |  |                           |
| Grant of equity-settled share options to employees                     | –                          | –                           | –   | 17   | –                                | –                                      | 17                        |
| <b>At 30 June 2020</b>   | 61,644                     | (16,291)                    | (66)  | 388  | (3,210)                          | 48                                     | 42,513                    |

| <b>Group</b>   | <b>Share capital<br/>(S\$'000)</b> | <b>Merger reserve<br/>(S\$'000)</b> | <b>Foreign currency translation reserve<br/>(S\$'000)</b> | <b>Employee share option reserve<br/>(S\$'000)</b> | <b>Retained Earnings/<br/>(Accumulated losses)<br/>(S\$'000)</b> | <b>Non-controlling interests<br/>(S\$'000)</b> | <b>Total equity<br/>(S\$'000)</b> |
|--|------------------------------------|-------------------------------------|---|--|--|--|-----------------------------------|
| <b>At 1 January 2019</b>   | 61,644                             | (16,291)                            | (87)  | 347  | 352  | 115  | 46,080                            |
| Profit for the period  | –                                  | –                                   | –   | –  | 216  | –  | 216                               |
| <u>Other comprehensive income</u>                                      |                                    |                                     |   |  |  |  |                                   |
| Share of foreign currency translation of joint ventures and associates | –                                  | –                                   | (1)   | –  | –  | –  | (1)                               |
| Other comprehensive income for the period, net of tax                  | –                                  | –                                   | (1)   | –  | –  | –  | (1)                               |
| Total comprehensive income for the period                              | –                                  | –                                   | (1)   | –  | 216  | –  | 215                               |
| <u>Contributions by and distributions to owners</u>                    |                                    |                                     |   |  |  |  |                                   |
| Grant of equity-settled share options to employees                     | –                                  | –                                   | –   | 4  | –  | –  | 4                                 |
| Dividends on ordinary shares   | –                                  | –                                   | –   | –  | (1,200)  | –  | (1,200)                           |
| <b>At 30 June 2019</b>   | <b>61,644</b>                      | <b>(16,291)</b>                     | <b>(88)</b>   | <b>351</b>   | <b>(632)</b>   | <b>115</b>                                     | <b>45,099</b>                     |



| <b>Company</b>  | <b>Share capital<br/>S\$'000</b> | <b>Employee share option<br/>reserve<br/>S\$'000</b> | <b>(Accumulated losses)<br/>S\$'000</b> | <b>Total Equity<br/>S\$'000</b> |
|---|----------------------------------|--|---|---------------------------------|
| <b>At 1 January 2020</b>  | 61,644                           | 361  | (26,420)                                | 35,585                          |
| Loss for the period, representing total comprehensive income for the period | –                                | –  | (158)                                   | (158)                           |
| <u>Contributions by and distributions to owners</u>                         |                                  |  |   |                                 |
| Grant of equity-settled share options to employees                          | –                                | 17   | –                                       | 17                              |
| <b>At 30 June 2020</b>  | <b>61,644</b>                    | <b>378</b>   | <b>(26,578)</b>                         | <b>35,444</b>                   |

| <b>Company</b>  | <b>Share capital<br/>S\$'000</b> | <b>Employee share option<br/>reserve<br/>S\$'000</b> | <b>(Accumulated losses)<br/>S\$'000</b> | <b>Total Equity<br/>S\$'000</b> |
|---|----------------------------------|--|---|---------------------------------|
| <b>At 1 January 2019</b>  | 61,644                           | 337  | (15,918)                                | 46,063                          |
| Loss for the period, representing total comprehensive income for the period | –                                | –  | (317)                                   | (317)                           |
| <u>Contributions by and distributions to owners</u>                         |                                  |  |   |                                 |
| Issuance of shares  | – *                              | –  | –                                       | –                               |
| Grant of equity-settled share options to employees                          | –                                | 4  | –                                       | 4                               |
| Dividends on ordinary shares  | –                                | –  | (1,200)                                 | (1,200)                         |
| <b>At 30 June 2019</b>  | <b>61,644</b>                    | <b>341</b>   | <b>(17,435)</b>                         | <b>44,550</b>                   |

\* 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 of the immediately preceding financial year.**

|   | <b>Number of<br/>shares</b> | <b>Issued and paid-up<br/>share capital<br/>S\$</b> |
|---|-----------------------------|---|
| As at 30 June 2020 and 31 December 2019 | 400,002,000                 | 61,644,700  |

There were 8,400,000 share options outstanding under the Secura Employee Share Option Scheme as at 30 June 2020 (30 June 2019: 8,400,000 share options).

As at 30 June 2020 and 30 June 2019, 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.**

|   | <b>As at 30/06/20</b> | <b>As at 31/12/19</b> |
|---|-----------------------|-----------------------|
| Total number of issued shares excluding treasury shares | 400,002,000           | 400,002,000           |

- 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 modifications or emphasis of a matter).**

Not applicable

- 3A. 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

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

Other than adoption of the new and revised SFRS(I) which took effect from the current financial year, the accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year.

**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 H1 FY2020.

**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.**

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>H1 FY2020</b> | <b>H1 FY2019</b> |
| Profit attributable to owners of the Company (S\$'000)                   | 2,091            | 216              |
| Weighted average number of shares ('000)                                 | 400,002          | 400,002          |
| Basic and diluted EPS based on weighted average number of shares (cents) | 0.52             | 0.05             |

**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.**

|                                   | <b>Group</b>              |                           | <b>Company</b>            |                           |
|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                   | <b>As at<br/>30/06/20</b> | <b>As at<br/>31/12/19</b> | <b>As at<br/>30/06/20</b> | <b>As at<br/>31/12/19</b> |
| Net asset value (S\$'000)         | 42,465                    | 40,321                    | 35,444                    | 35,585                    |
| Number of shares ('000)           | 400,002                   | 400,002                   | 400,002                   | 400,002                   |
| Net asset value per share (cents) | 10.62                     | 10.08                     | 8.86                      | 8.90                      |

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 decreased by 15.2% or S\$3.02 million, from S\$19.90 million in H1 FY2019 to S\$16.89 million in H1 FY2020 mainly due to the following:

- (1) decrease in revenue of S\$3.83 million or 27.8% from the security guarding segment due to loss of contracts,
- (2) decrease in revenue of S\$0.98 million or 24.8% from the security printing segment due to decrease in demand for printed products with nation-wide initiatives to go paperless coupled with decreased in orders during the Circuit Breaker period, and
- (3) decrease in revenue of S\$0.44 million or 63.4% from the system integration segment due to the extended lockdown for the construction industry following the outbreak of Covid-19 pandemic.

The decrease was partially offset by the following:

- (1) increase in revenue of S\$1.98 million or 572.1% from the digital forensic segment with the fulfilment of outstanding orders carried over from 2019 to 2020, and
- (2) increase in revenue of S\$0.21 million or 50.6% from the security consultancy services with new contracts secured for remote surveillance and more ad-hoc guarding assignments.

### Cost of sales

Cost of sales decreased by 17.4% or S\$2.94 million, from S\$16.90 million in H1 FY2019 to S\$13.96 million in H1 FY2020, in line with the decrease in revenue.

### Gross profit

Gross profit decreased by 2.7% or S\$0.08 million, from S\$3.01 million in H1 FY2019 to S\$2.93 million in H1 FY2020. Gross profit margin improved from 15.1% in H1 FY2019 to 17.3% in H1 FY2020 mainly due to the delivery of digital forensic products which has higher gross profit margin; this offsets the decline in gross profit margin for the security printing segment due to overheads spread and the security guarding segment. The foreign worker levy rebates and fee waivers granted by the Singapore government during the COVID-19 period had further cushioned the decrease in gross profit margin in the security guarding segment.

### Other operating income

Other operating income increased by S\$1.83 million, from S\$0.74 million in H1 FY2019 to S\$2.57 million in H1 FY2020. This was primarily due to the jobs support scheme (JSS) grants from the government under the various budgets, amounting to \$1.80 million for the period from April 2020 to June 2020.

### Distribution and selling expenses

Distribution and selling expenses decreased by 25.5% or S\$0.23 million, from S\$0.89 million in H1 FY2019 to S\$0.66 million in H1 FY2020 mainly due to decrease in staff headcount and travelling expenses.

### Administrative expenses

Administrative expenses decreased by 6.8% or S\$0.17 million, from S\$2.44 million in H1 FY2019 to S\$2.28 million in H1 FY2020, mainly due to the Group's efforts on cost control measures including voluntary pay cut by senior management, lower depreciation charges with more fully depreciated assets and foreign exchange gains.

### Finance cost

Finance cost largely relates to bank borrowings incurred for the financing of the Alexandra Property. Finance cost decreased by 38.8% or S\$0.07 million, from S\$0.18 million in H1 FY2019 to S\$0.11 million in H1 FY2020 primarily due to the partial repayment of bank loan and refinancing of the bank loan at lower interest rates.

Share of results of joint ventures and associates

Share of losses in joint ventures and associates amounted to S\$0.34 million in H1 FY2020, this was mainly due to the share of losses from our investment in Custodio Technologies Pte Ltd.

Profit attributable to owners of the Company

Profit attributable to owners of the Company of S\$2.13 million was largely due to the JSS grants, decrease in operating expenses and partially offset by our share of losses from Custodio Technologies Pte Ltd.

**REVIEW OF THE GROUP'S FINANCIAL POSITION**Non-current assets

The Group's non-current assets decreased by 4.2% or S\$1.35 million, from S\$31.97 million as at 31 December 2019 to S\$30.63 million as at 30 June 2020 mainly due to the depreciation and amortisation charged to property, plant and equipment and right-of-use assets, amortisation of intangible asset in relation to customer relationships and share of losses from investment in Custodio Technologies Pte Ltd.

Current assets

The Group's current assets increased by 5.0% or S\$1.29 million, from S\$25.82 million as at 31 December 2019 to S\$27.11 million as at 30 June 2020 mainly due to the following:

- (1) increase in cash and cash equivalents of S\$3.59 million mainly due to the receipt of S\$2.72 million from the JSS grants, foreign worker levy rebates and improved operational cash flow, partially offset by
- (2) decrease in trade and other receivables and contract assets of S\$0.98 million, and
- (3) decrease in inventories of S\$1.31 million due to the delivery of digital forensic products.

Current liabilities

The Group's current liabilities decreased by 22.3% or S\$1.76 million, from S\$7.89 million as at 31 December 2019 to S\$6.14 million as at 30 June 2020 mainly due to decrease in trade and other payables and contract liabilities of S\$0.20 million and S\$1.59 million respectively, and partially offset by increase in amount due to a joint venture of S\$0.14 million.

Non-current liabilities

The Group's non-current liabilities decreased by 4.6% or S\$0.44 million, from S\$9.52 million as at 31 December 2019 to S\$9.09 million as at 30 June 2020 mainly due to repayment of bank loan and leases, as well as a reduction in deferred tax liabilities.

**REVIEW OF THE GROUP'S CASH FLOWS STATEMENT**

We generated operating cash flows before working capital changes of S\$3.56 million for H1 FY2020. Net cash generated from working capital amounted to S\$0.59 million mainly due to decrease in inventories of S\$1.31 million, decrease in trade and other receivables and contract assets of \$0.97 million, increase in amount due to a joint venture of S\$0.23 million, and partially offset by the increase in prepaid operating expenses of S\$0.09 million, decrease in trade and other payables and contract liabilities of S\$1.79 million and decrease in accrued operating expenses of S\$0.04 million. Net cash generated from operating activities for H1 FY2020 amounted to S\$4.05 million.

Net cash used in investing activities for H1 FY2020 amounted to S\$0.01 million due to the addition of property, plant and equipment.

Net cash used in financing activities for H1 FY2020 amounted to S\$0.43 million. This was due to repayment of bank loan and leases of S\$0.33 million and S\$0.10 million respectively.

As at 30 June 2020, the Group's cash and cash equivalents amounted to S\$18.07 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 Covid-19 pandemic has significantly impacted on all our business segments. If not for the grants received from the government, we would have reported a loss. As such, our H1 FY2020 results are not representative of the performance of the Group.

Based on the projection of the grants receivable, we are likely to remain in a profit making position for the second half of FY2020. However, in the absence of the one-off digital forensic project and the low business activities nation-wide, we do not foresee revenue growth in the near future. In the meanwhile, we will continue to tighten our cost control measurements to ensure that we are able to sustain our business profitability beyond the government grants.

**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) 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

**12. 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 (“**Board**” or “**Directors**”) of the Company in respect of H1 FY2020. The Group intends to deploy its cash reserves for the purposes of the Group’s development and operations.

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

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions. During H1 FY2020, 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\$137,000   | –  |

#### 14. Use of IPO proceeds

Pursuant to the Company's 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 25 July 2019) (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 | 13,300  | (9,498)   | 3,802   |
| Enhance and upgrade security printing equipment                    | 1,000   | (1,000)   | –   |
| Corporate infrastructure improvements                              | 5,500   | (5,500)   | –   |
| General working capital purposes                                   | 6,300   | (6,005) *   | 295   |
|  | 26,100  | (22,003)  | 4,097   |

\* Mainly utilised for the repayment of loans.

#### 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 H1 FY2020 of the Group and the Company to be false or misleading in any material aspect.

#### BY ORDER OF THE BOARD

**Kan Kheong Ng**  
Chief Executive Officer

**Lim Siok Leng**  
Chief Financial Officer

06 August 2020