

# SECUREMETRIC BERHAD

Company No. 1234029-D  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2018 RM'000	31 December 2017 <sup>(2)</sup> RM'000	31 December 2018 RM'000	31 December 2017 <sup>(2)</sup> RM'000
Revenue	11,865	N/A	31,296	N/A
Cost of sales	(5,181)	N/A	(13,660)	N/A
<b>Gross profit</b>	<b>6,684</b>	<b>N/A</b>	<b>17,636</b>	<b>N/A</b>
Other income	268	N/A	952	N/A
Administrative expenses	(6,582)	N/A	(16,798)	N/A
Finance costs	(44)	N/A	(210)	N/A
<b>Profit before tax</b>	<b>326</b>	<b>N/A</b>	<b>1,580</b>	<b>N/A</b>
Taxation	(780)	N/A	(888)	N/A
<b>(Loss)/Profit for the financial year</b>	<b>(454)</b>	<b>N/A</b>	<b>692</b>	<b>N/A</b>
<b>Other comprehensive income</b>				
<b><i>Items that are or may be reclassified subsequently to profit or loss</i></b>				
Exchange translation differences for foreign operations	192	N/A	(96)	N/A
<b><i>Items that will not be reclassified subsequently to profit or loss</i></b>				
Financial assets at fair value through other comprehensive income	(119)	N/A	9	N/A
	73	N/A	(87)	N/A
<b>Total comprehensive (loss)/income</b>	<b>(381)</b>	<b>N/A</b>	<b>605</b>	<b>N/A</b>
<b>(Loss)/Profit for the year attributable to:</b>				
- Owners of the Company	(518)	N/A	613	N/A
- Non-controlling interests	64	N/A	79	N/A
	<b>(454)</b>	<b>N/A</b>	<b>692</b>	<b>N/A</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
- Owners of the Company	(459)	N/A	535	N/A
- Non-controlling interests	78	N/A	70	N/A
	<b>(381)</b>	<b>N/A</b>	<b>605</b>	<b>N/A</b>

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup> (CONT'D)

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2018 RM'000	31 December 2017 <sup>(2)</sup> RM'000	31 December 2018 RM'000	31 December 2017 <sup>(2)</sup> RM'000
Weighted average number of ordinary shares ('000)	243,600	N/A	243,600	N/A
(Loss)/Earnings per share attributable to owners of the Company (sen):				
Basic <sup>(3)</sup>	<u>(0.21)</u>	<u>N/A</u>	<u>0.25</u>	<u>N/A</u>
Diluted <sup>(4)</sup>	<u>(0.21)</u>	<u>N/A</u>	<u>0.25</u>	<u>N/A</u>

#### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 October 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").
- (3) Basic loss/earnings per share of the Group for the quarter and year to date is calculated based on weighted average of ordinary shares of 243,600,000 after the public issue.
- (4) Diluted loss/earnings per share of the Group for the quarter and year to date is equivalent to the basic loss/earnings per share as the Group does not have any convertible options as at the end of the reporting period.

N/A – Not applicable.

# SECUREMETRIC BERHAD

Company No. 1234029-D  
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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>

	AS AT 31 December 2018	AS AT 31 December 2017 <sup>(2)</sup>
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,478	N/A
Development expenditure	1,450	N/A
Other investment	260	N/A
Deferred tax assets	96	N/A
	<u>3,284</u>	<u>N/A</u>
<b>CURRENT ASSETS</b>		
Inventories	1,504	N/A
Other investment	2,530	N/A
Trade receivables	11,233	N/A
Other receivables	3,587	N/A
Contract assets	735	N/A
Fixed deposits with licensed banks	2,778	N/A
Cash and bank balances	23,915	N/A
	<u>46,282</u>	<u>N/A</u>
<b>TOTAL ASSETS</b>	<b><u>49,566</u></b>	<b><u>N/A</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	30,454	N/A
Reserves	(11,136)	N/A
Retained earnings	17,192	N/A
<b>Total equity attributable to owners of the Company</b>	<b><u>36,510</u></b>	<b><u>N/A</u></b>
Non-controlling interests	322	N/A
<b>Total Equity</b>	<b><u>36,832</u></b>	<b><u>N/A</u></b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Other payable	196	N/A
Bank borrowings	1,393	N/A
Finance lease payable	301	N/A
Deferred tax liabilities	2	N/A
	<u>1,892</u>	<u>N/A</u>

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION<sup>(1)</sup> (CONT'D)

	AS AT 31 December 2018	AS AT 31 December 2017 <sup>(2)</sup>
	RM'000	RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	1,618	N/A
Other payables	8,385	N/A
Bank borrowings	604	N/A
Finance lease payable	67	N/A
Tax payables	168	N/A
	<b>10,842</b>	<b>N/A</b>
<b>Total liabilities</b>	<b>12,734</b>	<b>N/A</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>49,566</b>	<b>N/A</b>
Weighted average number of ordinary shares ('000)	243,600	N/A
<b>NET ASSETS PER SHARE (sen) <sup>(3)</sup></b>	<b>14.99</b>	N/A

#### Notes:

- (1) The basis of preparation of Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the Prospectus dated 23 October 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding year's quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.
- (3) Net assets per share is calculated based on weighted average of ordinary shares of 243,600,000 after the public issue.

N/A – Not applicable.

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)(2)</sup>

	Attributable to owners of the parent						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-Distributable			Distributable					
	Share capital RM'000	Fair Value reserve RM'000	Forex translation reserve RM'000	Other reserve RM'000	Merger reserve RM'000	Retained earnings RM'000			
At 1 January 2018 (as previously reported)	2,705	187	(247)	3	-	16,647	19,295	252	19,547
Effects of adopting MFRS 9 At 1 January 2018 (as restated)	-	-	4	-	-	(68)	(64)	-	(64)
	2,705	187	(243)	3	-	16,579	19,231	252	19,483
Profit for the financial year	-	-	-	-	-	613	613	79	692
Other comprehensive income for the financial year	-	9	(87)	-	-	-	(78)	(9)	(87)
Total comprehensive income for the financial year	-	9	(87)	-	-	613	535	70	605
<b>Transactions with owners</b>									
- Issuance of shares	31,048	-	-	-	-	-	31,048	-	31,048
- Adjustment on the acquisition of subsidiaries	(2,705)	-	-	-	(11,005)	-	(13,710)	-	(13,710)
- Share issuance expenses	(594)	-	-	-	-	-	(594)	-	(594)
<b>As at 31 December 2018</b>	<b>30,454</b>	<b>196</b>	<b>(330)</b>	<b>3</b>	<b>(11,005)</b>	<b>17,192</b>	<b>36,510</b>	<b>322</b>	<b>36,832</b>

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 23 October 2018 and the accompany explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding year's quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>

	YEAR-TO-DATE	
	31 December 2018	31 December 2017 <sup>(2)</sup>
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	1,580	N/A
<u>Adjustments for:</u>		
Amortisation of development expenditure	483	N/A
Depreciation of property, plant and equipment ("PPE")	307	N/A
Dividend income	(30)	N/A
Finance costs	210	N/A
Gain on disposal of PPE	(1)	N/A
Government grant income	(463)	N/A
Allowance for expected credit losses on receivables	125	N/A
Impairment loss on trade receivable	143	N/A
Inventories written off	59	N/A
Unrealised gain on foreign exchange	(198)	N/A
Interest income	(192)	N/A
<b>Operating profit before working capital changes</b>	<b>2,023</b>	<b>N/A</b>
<u>Changes in working capital:</u>		
Inventories	522	N/A
Receivables	5,903	N/A
Payables	(11,856)	N/A
Contract assets	735	N/A
	<b>(4,696)</b>	<b>N/A</b>
<b>Cash used in operating activities</b>	<b>(2,673)</b>	<b>N/A</b>
Interest paid	(210)	N/A
Interest received	192	N/A
Tax paid	(999)	N/A
Tax refund	22	N/A
Exchange fluctuation adjustment	(88)	N/A
<b>Net cash used in operating activities</b>	<b>(3,756)</b>	<b>N/A</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of other investment	(2,533)	N/A
Dividend income	30	N/A
Purchase of PPE	(684)	N/A
Proceeds from disposal of PPE	1	N/A
<b>Net cash used in investing activities</b>	<b>(3,186)</b>	<b>N/A</b>

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup> (CONT'D)

	YEAR-TO-DATE	
	31 December 2018	31 December 2017 <sup>(2)</sup>
	RM'000	RM'000
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	16,744	N/A
Repayment of term loans	(551)	N/A
Increase in fixed deposits pledged	(33)	N/A
<b>Net cash generated from financing activities</b>	<b>16,160</b>	<b>N/A</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,218</b>	<b>N/A</b>
Effect of exchange translation differences on cash and cash equivalents	187	N/A
Cash and cash equivalents at the beginning of the financial year	14,510	N/A
<b>Cash and cash equivalents at the end of the financial year</b>	<b>23,915</b>	<b>N/A</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents in the consolidated statement of cash flows comprise:		
Cash and bank balances	23,915	N/A
Fixed deposits with licensed banks	2,778	N/A
	26,693	N/A
Less: Fixed deposits with licensed banks	(2,778)	N/A
	<b>23,915</b>	<b>N/A</b>

#### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 October 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding year's quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.



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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

##### A1. Basis of preparation

The interim financial report of Securemetric Berhad (“**SMB**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134 *Interim Financial Reporting* and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

This is the second interim financial statements on the Company’s unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2018 announced by the Company in compliance with the Listing Requirements and at such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the Accountant’s Report as disclosed in the Prospectus dated 23 October 2018 and the accompanying explanatory notes attached to this interim financial report.

##### A2. Significant Accounting Policies

The accounting policies adopted in the interim financial report are consistent with those as disclosed in the Accountants’ Report in the Prospectus dated 23 October 2018.

Unless otherwise described below, the Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

##### MFRS 9: Financial Instruments

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. Under MFRS 9, the Group is required to record ECL on its trade and other receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected credit losses on its trade receivables.

The Group had assessed the total financial impact on the Group’s financial statements upon adoption of MFRS 9 which have been summarized in the table below.

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### NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

#### Financial impact

The financial impact from initial adoption of MFRS 9 as at 1 January 2018 are as follows:

		Effects of	
	As previously	adoption of	
	stated	MFRS 9	As restated
	RM'000	RM'000	RM'000
<b>Increase/ (decrease):</b>			
Foreign currency translation reserve	(247)	4	(243)
Retained earnings	16,647	(68)	16,579
Trade receivables	15,231	(64)	15,167

#### **A3. Auditors' report**

The auditors' report on the preceding year's audited financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

#### **A4. Seasonal or cyclical factors**

The Group is subject to seasonality in the business due to annual budget cycles of certain of the customers, hence, proportionately more invoices are billed or issued in the second half of the financial year. Therefore, the Group generally have higher billings in the second half of the financial year. The Group do not experience any cyclical in the business because the digital security industry is not cyclical in nature. A cyclical industry is one which experiences predictable changes which recur over a period of several years.

#### **A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date.

#### **A6. Material changes in estimates**

There were no material changes in the estimates in the current financial quarter under review.

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### NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

#### A7. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the financial quarter under review.

The Company issued a total of 175,599,975 new ordinary shares pursuant to the pre-IPO reorganisation and 68,000,000 new ordinary shares at an IPO price of RM 0.25 per ordinary share pursuant to the IPO exercise as follows:

<u>Date</u>	<u>Details</u>	<u>No. of new ordinary shares issued</u>
20 July 2018	Pre-IPO reorganisation (Mergers)	123,962,475
4 September 2018	Pre-IPO reorganisation (Mergers)	43,587,500
5 September 2018	Pre-IPO reorganisation (Mergers)	8,050,000
13 November 2018	IPO exercise	68,000,000
	<b>Total new ordinary shares issued</b>	<b>243,599,975</b>

#### A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

#### A9. Contingent liabilities or contingent assets

There were no other contingent liabilities or contingent assets as at the date of this interim financial report.

#### A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

#### A11. Segmental reporting

The Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

##### (a) Revenue by business activities

The table below set out the breakdown of the Group's revenue by business activities for the financial quarter ended 31 December 2018 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2018 RM'000	31 December 2017 <sup>(1)</sup> RM'000	31 December 2018 RM'000	31 December 2017 <sup>(1)</sup> RM'000
(a) Digital security solutions				
- Software licensing protection dongles	811	N/A	2,833	N/A
- 2FA	627	N/A	1,386	N/A
- PKI	2,755	N/A	9,090	N/A
- CENTAGATE®	2,213	N/A	3,523	N/A
<b>Subtotal</b>	<b>6,406</b>	<b>N/A</b>	<b>16,832</b>	<b>N/A</b>
(b) Electronic identification products	3,784	N/A	9,659	N/A
(c) Others*	1,675	N/A	4,805	N/A
<b>Total Revenue</b>	<b>11,865</b>	<b>N/A</b>	<b>31,296</b>	<b>N/A</b>

#### Note:

\* Comprising mainly maintenance service charges, courier, labelling and packaging charges.

(1) There are no comparative figures for the preceding quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.

The main factors affecting the Group's revenue are as follows:

- (i) Rapid changes in technological development;
- (ii) Fluctuation in foreign currency exchange rates; and
- (iii) Ability to secure new projects and customers.

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

#### A11. Segmental reporting (Cont'd)

##### (b) Revenue by geographical regions

The table below set out the breakdown of the Group's revenue by geographical regions for the financial year ended 31 December 2018 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2018 RM'000	31 December 2017 <sup>(1)</sup> RM'000	31 December 2018 RM'000	31 December 2017 <sup>(1)</sup> RM'000
Malaysia	1,850	N/A	4,417	N/A
Vietnam	2,187	N/A	5,318	N/A
The Philippines	355	N/A	1,766	N/A
Indonesia	4,251	N/A	7,323	N/A
United States of America	1,081	N/A	5,623	N/A
Singapore	278	N/A	2,794	N/A
Canada	34	N/A	1,028	N/A
Others	1,829	N/A	3,027	N/A
<b>Total Revenue</b>	<b>11,865</b>	<b>N/A</b>	<b>31,296</b>	<b>N/A</b>

#### Note:

- (1) There are no comparative figures for the preceding quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.

#### A12. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

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### NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

#### **A13. Material events subsequent to the end of the current financial quarter**

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

#### **A14. Significant related party transactions**

There were no significant related party transactions in the current financial quarter and financial year under review.

#### **A15. Capital commitments**

There were no capital commitments in the current financial quarter and financial year under review.

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### PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. Review of Performance

The Company recorded revenue of RM11.87 million and profit before tax of RM0.28 million for the current financial quarter ended 31 December 2018. The Company's revenue was derived from the provision of digital security solutions as well as trading of electronic identification products, and other related services.

No comparative figures for the preceding quarter are available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

#### B2. Comparison with immediate preceding quarter's results

	<u>3 Months ended</u>		
	<u>31 December 2018</u>	<u>30 September 2018</u>	<u>Variance</u>
	RM'000	RM'000	%
Revenue	11,865	9,229	28.56%
IPO listing expenses	1,782	-	100%
Profit before tax	326	1,924	-83.06%

The Group's revenue for the current financial quarter ended 31 December 2018 increased by RM2.64 million or 28.56% to RM11.87 million as compared to RM9.23 million in the preceding financial quarter ended 30 September 2018. The increase in revenue was mainly contributed by the higher revenue from CENTAGATE® of RM2.21 million.

The Group's profit before tax for the current financial quarter of RM 0.33 million, represents a decrease of RM1.60 million or 83.06% for the current financial quarter as compared to RM1.92 million in the preceding financial quarter. The lower profit before tax was mainly due to higher staff related costs, impairment loss and allowance for expected credit losses on trade receivables as well as IPO listing expenses. Excluding the IPO listing expenses, profit before tax would increase by RM0.18 million or 9.56% in the current financial quarter.

#### B3. Prospects

The Group expects a favourable industry development in the digital security solutions, electronic identification products and its related services. The Group will continue to grow its revenue via its regional offices in South East Asia countries as well as develop new digital security solutions to maintain the Group's growth and sustainability in the industry.

The Board of Directors of the Company is of the opinion that, barring any unforeseen circumstances, the prospects of the Group for the FYE 31 December 2019 will remain favourable.

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### B4. Profit Forecast or Profit Guarantee

The Company did not issue any profit forecast or profit guarantee during the current financial quarter under review.

### B5. Taxation

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2018	31 December 2017 <sup>(1)</sup>	31 December 2018	31 December 2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss:				
- Income tax	780	N/A	948	N/A
- Deferred tax	-	N/A	(60)	N/A
Total tax expense	<u>780</u>	<u>N/A</u>	<u>888</u>	<u>N/A</u>
Effective tax rate	276.60%	N/A	56.20%	N/A

- (a) The Group's effective tax rate for the current financial quarter is higher than the statutory tax rate due to non-deductible expenses.
- (b) Tax expense is recognised based on management's best estimate.

#### Notes:

- (1) There are no comparative figures for the preceding year's quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.



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### B6. Corporate Proposals

#### (a) Status of corporate proposal

There were no corporate proposals announced pending completion.

#### (b) Utilisation of proceeds

In conjunction with the Company's listing on the ACE Market of Bursa Securities on 13 November 2018, the gross proceeds from the Public Issue amounting to RM17 million is intended to be utilised in the following manner:

Details of utilisation	Proposed Utilisation	Actual Utilisation	Deviation: Surplus/ (Deficit)	Balance	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	RM'000	
Business expansion	1,700	(300)	-	1,400	Within 24 months
Development of new digital security solutions	5,700	-	-	5,700	Within 24 months
Repayment of bank borrowings	1,942	-	-	1,942	Within 24 months
Working capital	5,158	(390)	163	4,931	Within 24 months
Estimated listing expenses	2,500	(2,337)	(163) <sup>(1)</sup>	-	Within 1 month
<b>Total</b>	<b>17,000</b>	<b>(3,027)</b>	<b>-</b>	<b>13,973</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 23 October 2018.

#### Notes:

(1) The excess of RM0.16 million will be utilised for general working capital requirements of the Group.

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### B7. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 31 December 2018 <u>RM'000</u>	AS AT 31 December 2017 <u>RM'000</u>
<b>Secured:</b>		
<u>Current:</u>		
Finance lease payable	67	N/A
Term loans	604	N/A
	<u>671</u>	<u>N/A</u>
<u>Non-current:</u>		
Finance lease payable	301	N/A
Term loans	1,393	N/A
	<u>1,694</u>	<u>N/A</u>
<b>Total bank borrowings</b>	<b><u>2,365</u></b>	<b><u>N/A</u></b>

All the Company's borrowings are denominated in Ringgit Malaysia.

#### Note:

N/A – Not applicable.

### B8. Material litigation

There was no material litigation involving the Group as at 31 December 2018.

### B9. Dividend declared

No dividend has been declared for the current quarter.

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### B10. Earnings per share

The basic earnings per share (“**EPS**”) are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares of the Company during the financial year as follows:

		3-MONTH ENDED		YEAR-TO-DATE	
		31 December 2018	31 December 2017 <sup>(1)</sup>	31 December 2018	31 December 2017 <sup>(1)</sup>
(Loss)/Profit attributable to ordinary owners of the Company	(RM'000)	(518)	N/A	613	N/A
Number of ordinary shares in issue as at 31 December 2018	('000)	243,600	N/A	243,600	N/A
Basic EPS	(Sen)	(0.21)	N/A	0.25	N/A
Diluted EPS <sup>(2)</sup>	(Sen)	(0.21)	N/A	0.25	N/A

#### Notes:

- (1) There are no comparative figures for the preceding quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.
- (2) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have convertible securities at the end of reporting period.

N/A – Not applicable.

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### B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2018 RM'000	31 December 2017 <sup>(1)</sup> RM'000	31 December 2018 RM'000	31 December 2017 <sup>(1)</sup> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of development expenditure	121	N/A	483	N/A
Interest income	(61)	N/A	(192)	N/A
Other income (including investment income)	(9)	N/A	(30)	N/A
Finance costs	44	N/A	210	N/A
Allowance for expected credit losses on receivables	125	N/A	125	N/A
Impairment loss on trade receivable	143	N/A	143	N/A
Inventories written off	59	N/A	59	N/A
IPO listing expenses	1,782	N/A	1,782	N/A
Depreciation of PPE	97	N/A	307	N/A
Realised (gain)/loss on foreign exchange	(43)	N/A	214	N/A
Unrealised loss/(gain) on foreign exchange	58	N/A	(198)	N/A
Gain on disposal of PPE	<i>Negligible</i>	N/A	(1)	N/A
Government grant income	(113)	N/A	(463)	N/A

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

#### Notes:

- (1) There are no comparative figures for the preceding quarter available as this is the second interim financial report for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.

### BY ORDER OF THE BOARD

Company Secretary

Date: 28<sup>th</sup> February 2019