

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		PERIOD-TO-DATE	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	7,345	9,229	21,418	19,641
Cost of sales	(3,605)	(3,992)	(7,812)	(8,621)
Gross profit	3,740	5,237	13,606	11,020
Other income	394	338	883	824
Administrative expenses	(4,119)	(3,575)	(12,114)	(10,372)
Net gain on impairment of financial instruments	89	-	156	-
Finance costs	(9)	(76)	(85)	(166)
Profit before tax	95	1,924	2,446	1,306
Taxation	(125)	(407)	(592)	(254)
(Loss)/Profit for the financial period	(30)	1,517	1,854	1,052
Other comprehensive income for the financial period				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Exchange translation differences for foreign operations	187	18	210	(284)
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Financial assets at fair value through other comprehensive income	(36)	107	25	129
	151	125	235	(155)
Total comprehensive income for the financial period	121	1,642	2,089	897
(Loss)/Profit for the financial period attributable to:				
- Owners of the Company	(24)	1,515	1,811	1,041
- Non-controlling interests	(6)	2	43	11
	(30)	1,517	1,854	1,052
Total comprehensive income attributable to:				
- Owners of the Company	112	1,640	2,031	907
- Non-controlling interests	9	2	58	(10)
	121	1,642	2,089	897

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾ (CONT'D)

	3-MONTH ENDED		PERIOD-TO-DATE	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Weighted average number of ordinary shares ('000)	243,600	175,600	243,600	175,600
(Loss)/Earnings per share attributable to owners of the Company (sen):				
Basic ⁽²⁾	(0.01)	0.86	0.74	0.59
Diluted ⁽³⁾	(0.01)	0.86	0.74	0.59

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 audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic loss/earnings per share of the Group for the quarter and period to date is calculated based on weighted average of ordinary shares.
- (3) Diluted loss/earnings per share of the Group for the quarter and period to date is equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	AS AT 30 September 2019 Unaudited RM'000	AS AT 31 December 2018 Audited RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,746	1,481
Right-of-use assets	859	-
Development expenditure	1,087	1,450
Other investments	284	259
Deferred tax assets	99	95
	<u>4,075</u>	<u>3,285</u>
CURRENT ASSETS		
Inventories	1,386	1,504
Contract assets	993	1,836
Trade receivables	13,172	11,131
Other investments	1,579	2,530
Other receivables	2,296	2,610
Fixed deposits with licensed banks	15,675	2,764
Cash and bank balances	9,835	23,915
	<u>44,936</u>	<u>46,290</u>
TOTAL ASSETS	<u>49,011</u>	<u>49,575</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	30,454	30,454
Reserves	(10,921)	(11,141)
Retained earnings	18,997	17,193
Total equity attributable to owners of the Company	<u>38,530</u>	<u>36,506</u>
Non-controlling interests	380	322
Total Equity	<u>38,910</u>	<u>36,828</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee benefit	203	196
Lease liabilities	437	-
Finance lease liability	249	301
Bank borrowings	-	1,393
	<u>889</u>	<u>1,890</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
(CONT'D)**

	AS AT 30 September 2019 Unaudited RM'000	AS AT 31 December 2018 Audited RM'000
CURRENT LIABILITIES		
Trade payables	2,412	1,336
Other payables	2,397	4,274
Contract liabilities	3,883	4,392
Lease liabilities	413	-
Finance lease liability	70	67
Bank borrowings	-	604
Tax payables	37	184
	9,212	10,857
Total liabilities	10,101	12,747
TOTAL EQUITY AND LIABILITIES	49,011	49,575
Weighted average number of ordinary shares ('000)	243,600	184,729
NET ASSETS PER SHARE (sen)	15.82⁽²⁾	19.76

Notes:

- (1) The basis of preparation of Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on number of ordinary shares as at the end of the reporting period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the Company								Total equity RM'000
	Non-Distributable					Distributable		Non-controlling interests RM'000	
	Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2018	2,705	187	(247)	3	-	16,647	19,295	252	19,547
Profit for the financial period	-	-	-	-	-	1,041	1,041	11	1,052
Other comprehensive income for the financial period	-	129	(262)	-	-	-	(133)	(22)	(155)
Total comprehensive income for the financial period	2,705	316	(509)	3	-	17,688	20,203	241	20,444
Transactions with owners									
Issue of ordinary shares pursuant to acquisition of subsidiaries	14,048	-	-	-	-	-	14,048	-	14,048
Adjustment on the acquisition of subsidiaries	(2,705)	-	-	-	(11,005)	-	(13,710)	-	(13,710)
As at 30 September 2018	14,048	316	(509)	3	(11,005)	17,688	20,541	241	20,782

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	Attributable to owners of the Company								
	Non-Distributable					Distributable			
	Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019	30,454	195	(334)	3	(11,005)	17,193	36,506	322	36,828
Effects of adopting MFRS 16	-	-	-	-	-	(7)	(7)	-	(7)
At 1 January 2019 (as restated)	30,454	195	(334)	3	(11,005)	17,186	36,499	322	36,821
Profit for the financial period	-	-	-	-	-	1,811	1,811	43	1,854
Other comprehensive income for the financial period	-	25	195	-	-	-	220	15	235
Total comprehensive income for the financial period	-	25	195	-	-	1,811	2,031	58	2,089
Transactions with owners									
Change of non-controlling interests	-	-	-	-	-	-	-	Negligible ⁽²⁾	-
As at 30 September 2019	30,454	220	(139)	3	(11,005)	18,997	38,530	380	38,910

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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 audited financial statements for the financial year ended 31 December 2018 and the accompany explanatory notes attached to this interim financial report.
- (2) PT Securemetric Technology, a wholly-owned subsidiary company, increased its share capital by USD 10 (equivalents to IDR 141,540, RM41) by issuing 10 shares to an individual. Consequently, the Company's shareholding in PT Securemetric Technology decreased from 100% to 99.999%.

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INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	30 September 2019 RM'000	30 September 2018 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,446	1,306
<u>Adjustments for:</u>		
Reversal of impairment losses on trade receivables	(147)	-
Amortisation of development expenditure	363	363
Depreciation of property, plant and equipment ("PPE")	411	210
Depreciation of right-of-use assets	392	-
Dividend income	(40)	(21)
PPE written off	3	-
Fair value gain of financial asset at fair value through profit or loss	(9)	-
Gain on disposal of PPE	-	(1)
Government grant income	(340)	(351)
Finance costs	85	166
Interest income	(353)	(131)
Unrealised gain on foreign exchange	(80)	(239)
Operating profit before working capital changes	2,731	1,302
<u>Changes in working capital:</u>		
Inventories	(49)	308
Receivables	(1,558)	7,348
Payables	(455)	(9,397)
Contract assets	334	-
	(1,728)	(1,741)
Cash generated from/(used in) operations	1,003	(439)
Interest paid	(85)	(166)
Interest received	353	131
Tax paid	(741)	(558)
Tax refund	2	23
Exchange fluctuation adjustment	201	(243)
Net cash from/(used in) operating activities	733	(1,252)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	30 September 2019 RM'000	30 September 2018 RM'000
Cash Flows From Investing Activities		
Proceeds from disposal of financial assets at fair value through profit or loss	1,000	-
Dividend income	-	21
Proceeds from disposal of PPE	5	1
Purchase of other investment	-	(1,021)
Purchase of PPE	(511)	(495)
Net cash from/(used in) investing activities	494	(1,494)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	338
Repayment of lease liabilities	(344)	-
Repayment of term loans	(1,997)	(405)
Repayment of finance lease liabilities	(49)	-
Increase in fixed deposits pledged	(105)	(9)
Net cash used in financing activities	(2,495)	(76)
Net decrease in cash and cash equivalents	(1,268)	(2,822)
Effect of exchange translation differences on cash and cash equivalents	(6)	225
Cash and cash equivalents at the beginning of the financial period	23,915	14,510
Cash and cash equivalents at the end of the financial period	22,641	11,913
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	9,835	9,631
Fixed deposits with licensed banks	15,675	5,031
	25,510	14,662
Less: Fixed deposits pledged to licensed banks	(2,869)	(2,749)
	22,641	11,913

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

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 audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

A1. Basis of preparation

The interim financial report of Securemetric Berhad ("**SMB**" or "**the Company**") and its subsidiary companies ("**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**").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 audited financial statements for the financial year ended 31 December 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 16: Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant accounting policies (Cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group had assessed the financial impact on the Group's financial statements upon adoption of MFRS 16 which have been summarised in the table below.

Financial impact

The financial impact from initial adoption of MFRS 16 as at 1 January 2019 are as follows:

	As previously stated RM'000	Effects of adoption of MFRS 16 RM'000	As restated RM'000
Increase/ (decrease):			
<u>NON-CURRENT ASSETS</u>			
Right-of-use assets	-	644	644
Other receivables	2,610	(75)	2,535
<u>Equity</u>			
Retained earnings	17,193	(7)	17,186
<u>NON-CURRENT LIABILITIES</u>			
Lease liabilities	-	296	296
<u>CURRENT LIABILITIES</u>			
Lease liabilities	-	280	280

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant accounting policies (Cont'd)

Standards issued but not yet effective

The Group has not adopted the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned new standards and amendments to standards when they become effective.

		Effective date for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Business Combination – Definition of a Business	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	1 January 2020

The adoption of the abovementioned new standards and amendments to standards when they become effective are not expected to have significant impact on the financial statements of the Group.

A3. Auditors' report

The auditors' report for the financial year ended 31 December 2018 was not subject to any qualifications.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A4. Seasonal or cyclical factors

The Group's revenue is subject to seasonality due to the annual budget cycles of certain of its customers.

The Group does not experience any cyclical in its 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 period-to-date.

A6. Material changes in estimates

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

A7. Debt and equity securities

There was no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter under review.

A8. Dividends paid

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

A9. Contingent liabilities or contingent assets

Contingent liability

	AS AT 30 September 2019 RM'000	AS AT 30 September 2018 RM'000
Guarantee extended to a third party in respect of a contract entered by the Group, USD 32,525	136	N/A

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

N/A – Not applicable.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

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.

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 sets out the breakdown of the Group's revenue by business activities for the financial quarter/period ended 30 September 2019 under review:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
(a) Digital security solutions				
- Software licensing protection dongles	736	664	1,818	2,022
- 2FA	1,431	254	1,679	759
- PKI	1,872	3,969	9,330	6,336
- CENTAGATE®	911	17	1,563	1,331
Subtotal	4,950	4,904	14,390	10,448
(b) Electronic identification products	556	3,002	1,984	5,897
(c) Others*	1,839	1,323	5,044	3,296
Total Revenue	7,345	9,229	21,418	19,641

Note:

* Comprising mainly maintenance service charges.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Segmental reporting (Cont'd)

(a) Revenue by business activities (Cont'd)

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.

(b) Revenue by geographical regions

The table below sets out the breakdown of the Group's revenue by geographical regions for the financial quarter/period ended 30 September 2019 under review:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Singapore	2,800	1,921	7,292	2,516
Vietnam	1,643	1,431	4,590	3,363
Indonesia	884	1,560	3,159	3,073
Malaysia	638	839	2,334	2,554
The Philippines	702	367	2,022	1,400
Tunisia	-	-	413	-
United States	383	2,646	398	4,520
Others	295	465	1,210	2,215
Total Revenue	7,345	9,229	21,418	19,641

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

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.

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

There were no 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 under review.

A15. Capital commitments

There were no capital commitments in the current financial quarter 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 Group recorded revenue of RM7.35 million and profit before tax of RM0.10 million for the current financial quarter ended 30 September 2019. Revenue was derived from the provision of digital security solutions as well as trading of electronic identification products, and other related services.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		Variance	
	30 September 2019	30 June 2019		
	RM'000	RM'000	RM'000	%
Revenue	7,345	8,229	(884)	(10.74)
Profit before tax	95	1,897	(1,802)	(94.99)

The Group's revenue for the current financial quarter ended 30 September 2019 decreased by RM0.88 million or 10.74% to RM7.35 million as compared to RM8.23 million in the preceding financial quarter ended 30 June 2019. The decrease in revenue was mainly caused by the decrease in PKI revenue in the current financial quarter.

The Group's profit before tax for the current financial quarter of RM0.10 million represents a decrease of RM1.80 million or 94.99% as compared to RM1.90 million in the preceding financial quarter. The lower profit before tax in the current financial quarter was due to lower gross profit arising from the decrease in PKI revenue.

B3. Prospects

The Group expect a favourable industry development in 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 (SEA) countries as well as develop new digital security solutions to maintain the Group's growth and sustainability with the rising awareness.

Barring any unforeseen circumstances, the Board of Directors and the management of the Group are cautiously optimistic on the prospects of the Group for the financial year.

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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		PERIOD-TO-DATE	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss:				
- Income tax	125	407	592	321
- Deferred tax	-	-	-	(67)
	<u>125</u>	<u>407</u>	<u>592</u>	<u>254</u>
Effective tax rate	131.58%	21.15%	24.20%	24.57%

(a) Tax expense is recognised based on management's best estimate.

B6. Corporate Proposals

(a) Status of corporate proposal

There were no corporate proposals announced but pending completion except for the following:

On 25 October 2019, the Company announced that it has proposed to undertake a proposed bonus issue of up to 243,600,000 new ordinary shares in Securemetric ("**Securemetric Share**") ("**Bonus Share**") on the basis of 1 Bonus Share for every 1 existing Securemetric Share held at an entitlement date to be determined and announced later ("**Proposed Bonus Issue of Shares**") and proposed issuance of up to 243,600,000 free Securemetric warrants ("Warrants") on the basis of 1 Warrant for every 1 existing Securemetric Share held on the same entitlement date as the Proposed Bonus Issue of Shares ("**Proposed Issue of Free Warrants**") on 25 October 2019 ("collectively referred to as the "**Proposals**").

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B6. Corporate Proposals (Cont'd)

(a) Status of corporate proposal (Cont'd)

On 13 November 2019, Bursa Securities approved the following:

- (i) listing of and quotation for up to 243,600,000 Bonus Shares pursuant to the Proposed Bonus Issue of Shares;
- (ii) admission to the Official List and listing of and quotation for up to 243,600,000 Warrants to be issued pursuant to the Proposed Issue of Free Warrants; and
- (iii) listing of and quotation for up to 243,600,000 new Securemetric Shares to be issued arising from the exercise of Warrants.

(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 RM'000	Actual Utilisation RM'000	Deviation: Surplus/ (Deficit) RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Business expansion	1,700	(300)	-	1,400	Within 24 months
Development of new digital security solutions	5,700	(611)	-	5,089	Within 24 months
Repayment of bank borrowings	1,942	(1,942)	-	-	Within 24 months
Working capital	5,158	(1,247)	163	4,074	Within 24 months
Estimated listing expenses	2,500	(2,337)	(163) ⁽¹⁾	-	Within 1 month
Total	17,000	(6,437)	-	10,563	

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 30 September 2019 RM'000	AS AT 30 September 2018 RM'000
<u>Current:</u>		
Finance lease liability	70	-
Term loans	-	590
	<u>70</u>	<u>590</u>
<u>Non-current:</u>		
Finance lease liability	249	-
Term loans	-	1,553
	<u>249</u>	<u>1,553</u>
Total bank borrowings	<u>319</u>	<u>2,143</u>

All the Company's bank borrowings is denominated in Ringgit Malaysia.

B8. Material litigation

There was no material litigation involving the Group as at 30 September 2019.

B9. Dividend declared

No dividend has been declared for the current quarter.

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B10. Loss/Earnings per share

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

		3-MONTH ENDED		PERIOD-TO-DATE	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
(Loss)/Profit attributable to owners of the Company	(RM'000)	(24)	1,515	1,811	1,041
Weighted average number of ordinary shares	('000)	243,600	175,600	243,600	175,600
Basic EPS	(Sen)	(0.01)	0.86	0.74	0.59
Diluted EPS ⁽¹⁾	(Sen)	(0.01)	0.86	0.74	0.59

Notes:

- (1) 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.

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of development expenditure	121	121	363	363
Depreciation of PPE	147	76	411	210
Depreciation of right-of-use assets	137	-	392	-
Finance costs	9	76	85	166
PPE written off	3	-	3	-
Reversal of impairment losses on trade receivables	(86)	-	(147)	-
Realised (gain)/loss on foreign exchange	(3)	(106)	(20)	243
Unrealised (gain)/loss on foreign exchange	(86)	42	(80)	(239)
Fair value gain of financial asset at fair value through profit or loss	(3)	-	(9)	-
Gain on disposal of PPE	-	-	-	(1)
Government grant income	(52)	(113)	(340)	(351)
Interest income	(161)	(49)	(353)	(131)
Other income (including investment income)	(12)	(12)	(40)	(42)

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

BY ORDER OF THE BOARD

Company Secretary

Date: 18th November 2019