

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Revenue	9,671	11,655	31,089	31,296
Cost of sales	(4,158)	(5,039)	(11,970)	(13,660)
Gross profit	5,513	6,616	19,119	17,636
Other income/(loss)	222	(5)	1,105	819
Administrative expenses	(5,127)	(6,026)	(17,241)	(16,398)
Net gain/(loss) on impairment of financial instruments	23	(266)	179	(266)
Finance costs	(8)	(44)	(93)	(210)
Profit before tax	623	275	3,069	1,581
Taxation	(425)	(635)	(1,017)	(889)
Profit/(Loss) for the financial year	198	(360)	2,052	692
Other comprehensive (loss)/income for the financial year				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Exchange translation differences for foreign operations	(2)	185	208	(99)
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net change in fair value of equity investments designated at fair value through (loss)/other income	(9)	(121)	16	8
	(11)	64	224	(91)
Total comprehensive income/(loss) for the financial year	187	(296)	2,276	601
Profit/(Loss) for the financial year attributable to:				
- Owners of the Company	218	(428)	2,029	613
- Non-controlling interests	(20)	68	23	79
	198	(360)	2,052	692
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	208	(376)	2,239	531
- Non-controlling interests	(21)	80	37	70
	187	(296)	2,276	601

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Weighted average number of ordinary shares ('000)	243,600	184,729	243,600	184,729
Earnings/(Loss) per share attributable to owners of the Company (sen):				
Basic ⁽²⁾	0.09	(0.23)	0.83	0.33
Diluted ⁽³⁾	0.09	(0.23)	0.83	0.33

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 earnings/loss per share of the Group for the quarter and year to date is calculated based on weighted average of ordinary shares.
- (3) Diluted earnings/loss per share of the Group for the quarter and year 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 31 December 2019 Unaudited RM'000	AS AT 31 December 2018 Audited RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,751	1,481
Right-of-use assets	723	-
Development expenditure	967	1,450
Other investments	275	259
Deferred tax assets	90	95
	<u>3,806</u>	<u>3,285</u>
CURRENT ASSETS		
Inventories	1,188	1,504
Contract assets	326	1,836
Trade receivables	17,142	11,131
Other investments	-	2,530
Other receivables	2,433	2,610
Fixed deposits with licensed banks	12,252	2,764
Cash and bank balances	14,131	23,915
	<u>47,472</u>	<u>46,290</u>
TOTAL ASSETS	<u>51,278</u>	<u>49,575</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	30,454	30,454
Reserves	(10,931)	(11,141)
Retained earnings	19,215	17,193
Total equity attributable to owners of the Company	<u>38,738</u>	<u>36,506</u>
Non-controlling interests	359	322
Total Equity	<u>39,097</u>	<u>36,828</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee benefit	229	196
Lease liabilities	330	-
Finance lease liability	231	301
Bank borrowings	-	1,393
	<u>790</u>	<u>1,890</u>

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	AS AT 31 December 2019 Unaudited RM'000	AS AT 31 December 2018 Audited RM'000
CURRENT LIABILITIES		
Trade payables	1,825	1,336
Other payables	3,534	4,274
Contract liabilities	5,368	4,392
Lease liabilities	408	-
Finance lease liability	70	67
Bank borrowings	-	604
Tax payables	186	184
	11,391	10,857
Total liabilities	12,181	12,747
TOTAL EQUITY AND LIABILITIES	51,278	49,575
Weighted average number of ordinary shares ('000)	243,600	184,729
NET ASSETS PER SHARE (sen)	15.90⁽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					Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	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				
At 1 January 2018	2,705	187	(247)	3	-	16,647	19,295	252	19,547
Effects of adopting MFRS 9 At 1 January 2018 (as restated)	-	-	3	-	-	(67)	(64)	-	(64)
	2,705	187	(244)	3	-	16,580	19,231	252	19,483
Profit for the financial year	-	-	-	-	-	613	613	79	692
Other comprehensive income for the financial year	-	8	(90)	-	-	-	(82)	(9)	(91)
Total comprehensive income for the financial year	-	8	(90)	-	-	613	531	70	601
Transactions with owners									
Increase in share capital of Securemetric Philippines	338	-	-	-	-	-	338	-	338
Issuance of ordinary shares	31,048	-	-	-	-	-	31,048	-	31,048
Adjustment on acquisition of subsidiary companies	(3,043)	-	-	-	(11,005)	-	(14,048)	-	(14,048)
Share issuance expenses	(594)	-	-	-	-	-	(594)	-	(594)
	27,749	-	-	-	(11,005)	-	16,744	-	16,744
As at 31 December 2018	30,454	195	(334)	3	(11,005)	17,193	36,506	322	36,828

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	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 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 year	-	-	-	-	-	2,029	2,029	23	2,052
Other comprehensive income for the financial year	-	16	194	-	-	-	210	14	224
Total comprehensive income for the financial year	-	16	194	-	-	2,029	2,239	37	2,276
Transactions with owners									
Change of non-controlling interests	-	-	-	-	-	-	-	Negligible ⁽²⁾	-
As at 31 December 2019	30,454	211	(140)	3	(11,005)	19,215	38,738	359	39,097

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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 (equivalent 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Cash Flows From Operating Activities		
Profit before tax	3,069	1,581
<u>Adjustments for:</u>		
Allowance for slow moving inventories	-	59
Amortisation of development expenditure	483	483
Reversal of impairment losses on trade receivables	(170)	(41)
Impairment losses on trade receivables	-	309
Depreciation of property, plant and equipment ("PPE")	570	307
Depreciation of right-of-use assets	528	-
Dividend income	(40)	(30)
PPE written off	4	-
Fair value gain of financial asset at fair value through profit or loss	(10)	(1)
Gain on disposal of PPE	-	(1)
Government grant income	(453)	(450)
Finance costs	93	210
Interest income	(525)	(192)
Unrealised loss on foreign exchange	102	2
Operating profit before working capital changes	3,651	2,236
<u>Changes in working capital:</u>		
Inventories	150	522
Receivables	(5,830)	4,926
Payables	251	(7,915)
Contract assets	2,486	(2,174)
	(2,943)	(4,641)
Cash generated from/(used in) operations	708	(2,405)
Interest paid	(93)	(209)
Interest received	525	192
Tax paid	(1,219)	(737)
Tax refund	215	23
Exchange fluctuation adjustment	196	(89)
Net cash from/(used in) operating activities	332	(3,225)

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

	YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Cash Flows From Investing Activities		
Proceeds from disposal of financial assets at fair value through profit or loss	2,580	-
Proceeds from disposal of PPE	5	1
Purchase of other investment	-	(2,500)
Purchase of PPE	(677)	(683)
Net cash from/(used in) investing activities	1,908	(3,182)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	17,000
Repayment of lease liabilities	(457)	-
Repayment of term loans	(1,997)	(551)
Repayment of finance lease liabilities	(67)	-
Payment of share issuance expenses	-	(595)
Increase in fixed deposits pledged	(125)	(24)
Net cash (used in)/from financing activities	(2,646)	15,830
Net (decrease)/increase in cash and cash equivalents	(406)	9,423
Effect of exchange translation differences on cash and cash equivalents	(15)	(17)
Cash and cash equivalents at the beginning of the financial year	23,915	14,509
Cash and cash equivalents at the end of the financial year	23,494	23,915
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	14,131	23,915
Fixed deposits with licensed banks	12,252	2,764
	26,383	26,679
Less: Fixed deposits pledged to licensed banks	(2,889)	(2,764)
	23,494	23,915

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

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 December 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	Effects of adoption of MFRS 16	As restated
	RM'000	RM'000	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 cyclicity 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 year-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 year.

A9. Contingent liabilities or contingent assets

Contingent liability

	AS AT 31 December 2019 Unaudited RM'000	AS AT 31 December 2018 Audited RM'000
Guarantee extended to a third party in respect of a contract entered by the Group, USD 32,525	133	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/year ended 31 December 2019 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	734	811	2,552	2,833
- 2FA	217	627	1,896	1,386
- PKI	3,442	2,754	12,772	9,090
- CENTAGATE®	2,261	2,192	3,824	3,523
Subtotal	6,654	6,384	21,044	16,832
(b) Electronic identification products	677	3,762	2,661	9,659
(c) Others*	2,340	1,509	7,384	4,805
Total Revenue	9,671	11,655	31,089	31,296

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/year ended 31 December 2019 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Singapore	414	278	7,706	2,794
Vietnam	3,671	1,955	8,261	5,318
Indonesia	2,548	4,250	5,707	7,323
Malaysia	783	1,863	3,117	4,417
The Philippines	1,519	366	3,541	1,766
Tunisia	-	-	413	-
United States	18	1,103	416	5,623
Eqypt	84	-	356	-
Others	634	1,840	1,572	4,055
Total Revenue	9,671	11,655	31,089	31,296

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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 RM9.67 million and profit before tax of RM0.62 million for the current financial quarter ended 31 December 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	
	31 December 2019	30 September 2019	RM'000	%
Revenue	9,671	7,345	2,326	31.67
Profit before tax	623	95	528	555.79

The Group's revenue for the current financial quarter ended 31 December 2019 increased by RM2.33 million or 31.67% to RM9.67 million as compared to RM7.34 million in the preceding financial quarter ended 30 September 2019. The increase in revenue was mainly due to the increase in PKI revenue, amounting to RM1.57 million and higher revenue contribution from CENTAGATE[®] revenue, amounting to RM1.35 million in the current financial quarter.

The Group's profit before tax for the current financial quarter of RM0.62 million represents an increase of RM0.53 million or 555.79% as compared to RM0.09 million in the preceding financial quarter. The higher profit before tax in the current financial quarter was due to higher gross profit arising from the increase in PKI and CENTAGATE[®] revenue.

B3. Prospects

The Group expects 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 regarding cybersecurity.

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

B4. Profit Forecast or Profit Guarantee

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

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B5. Taxation

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	414	627	1,006	948
- Deferred tax	11	8	11	(59)
	<u>425</u>	<u>635</u>	<u>1,017</u>	<u>889</u>
Effective tax rate	68.22%	230.91%	33.14%	56.23%

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

B6. Corporate Proposal

(a) Status of corporate proposal

On 20 January 2020, 243,600,000 Bonus Shares were listed on the ACE Market of Bursa Malaysia Securities Berhad.

On 4 February 2020, 243,600,000 Warrants were listed on the ACE Market of Bursa Malaysia Securities Berhad. Each Warrant carries the entitlement to subscribe for 1 new ordinary share in Securemetric at the exercise price of RM0.16 at any time during the exercise period from 22 January 2020 to 21 January 2023, subject to any adjustments in accordance with the provisions of the deed poll dated 3 January 2020 constituting the Warrants.

As at 26 February 2020, 100,000 Warrants had been exercised into 100,000 ordinary shares of Securemetric.

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B6. Corporate Proposals (Cont'd)

(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 are being utilised in the following manner:

Details of utilisation	Proposed	Actual	Deviation:	Balance	Estimated timeframe for utilisation upon listing
	Utilisation	Utilisation	Surplus/ (Deficit)		
	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	(839)	-	4,861	Within 24 months
Repayment of bank borrowings	1,942	(1,942)	-	-	Within 24 months
Working capital	5,158	(2,339)	163	2,982	Within 24 months
Estimated listing expenses	2,500	(2,337)	(163) ⁽¹⁾	-	Within 1 month
Total	17,000	(7,757)	-	9,243	

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 2019 Unaudited RM'000	AS AT 31 December 2018 Audited RM'000
<u>Current:</u>		
Finance lease liability	70	67
Term loans	-	604
	<u>70</u>	<u>671</u>
<u>Non-current:</u>		
Finance lease liability	231	301
Term loans	-	1,393
	<u>231</u>	<u>1,694</u>
Total bank borrowings	<u>301</u>	<u>2,365</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 31 December 2019.

B9. Dividend declared

No dividend has been declared for the current quarter.

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B10. Earnings/(Loss) per share

The basic earnings/(loss) 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 quarter as follows:

		3-MONTH ENDED		YEAR-TO-DATE	
		31 December 2019 Unaudited	31 December 2018 Audited	31 December 2019 Unaudited	31 December 2018 Audited
Profit/(Loss) attributable to owners of the Company	(RM'000)	218	(428)	2,029	613
Weighted average number of ordinary shares	('000)	243,600	184,729	243,600	184,729
Basic EPS	(Sen)	0.09	(0.23)	0.83	0.33
Diluted EPS ⁽¹⁾	(Sen)	0.09	(0.23)	0.83	0.33

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		YEAR-TO-DATE	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Profit before tax is arrived at after charging/(crediting):				
Allowance for slow moving inventories	-	-	-	59
Amortisation of development expenditure	120	120	483	483
Depreciation of PPE	159	97	570	307
Depreciation of right-of-use assets	136	-	528	-
Finance costs	8	44	93	210
PPE written off	1	-	4	-
Impairment losses on trade receivables	-	-	-	309
Reversal of impairment losses on trade receivables	(23)	-	(170)	(41)
Inventories written off	-	-	-	20
Realised loss/(gain) on foreign exchange	54	(216)	34	27
Unrealised loss on foreign exchange	182	241	102	2
Fair value gain of financial asset at fair value through profit or loss	(1)	(1)	(10)	(1)
Gain on disposal of PPE	-	-	-	(1)
Government grant income	(113)	(99)	(453)	(450)
Interest income	(161)	(61)	(525)	(192)
Other income (including investment income)	-	12	(40)	(30)

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: 26th February 2020