



**IPS Securex Holdings Limited
and its subsidiaries**
(Registration Number: 201327639H)

**Condensed interim financial statements
For the six months and full year ended
30 June 2023**

This announcement has been prepared by IPS Securex Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) 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 (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

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

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A. Condensed interim consolidated statements of profit or loss and other comprehensive income

		The Group					
		Unaudited	Unaudited	Increase/ (Decrease)	Unaudited	Audited	Increase/ (Decrease)
		2H-2023 ⁽¹⁾	2H-2022 ⁽²⁾	% change	FY2023 ⁽³⁾	FY2022 ⁽³⁾	% change
Note		S\$	S\$	%	S\$	S\$	%
	Revenue	7,645,219	6,860,050	11.4	11,543,086	15,767,560	(26.8)
	Cost of sales	(5,595,297)	(4,144,259)	35.0	(7,865,350)	(9,996,476)	(21.3)
	Gross profit	2,049,922	2,715,791	(24.5)	3,677,736	5,771,084	(36.3)
	Other income	35,754	118,055	(69.7)	90,104	309,336	(70.9)
	Administrative expenses	(2,757,632)	(2,709,770)	1.8	(5,563,499)	(5,387,235)	3.3
	Other operating expenses	(62,949)	(392,837)	(84.0)	(120,254)	(283,937)	(57.6)
	Finance income	330	13,517	(97.6)	576	15,267	(96.2)
	Finance costs	(47,051)	(64,575)	(27.1)	(104,509)	(129,391)	(19.2)
	(Loss)/profit before income tax	(781,626)	(319,819)	144.4	(2,019,846)	295,124	N.M
	Income tax credit/(expense)	8,555	24,541	(65.1)	8,555	(31,673)	N.M
	(Loss)/profit for the year, representing total comprehensive (loss)/income for the period/year	(773,071)	(295,278)	161.8	(2,011,291)	263,451	N.M
	<u>(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the period/year</u>						
	Basic and diluted (cents) ⁽⁴⁾	(0.16)	(0.06)		(0.41)	0.05	

Notes:

⁽¹⁾ "2H-2023" refers to the second half year ended 30 June 2023.

⁽²⁾ "2H-2022" refers to the second half year ended 30 June 2022.

⁽³⁾ "FY" refers to the reporting year ended 30 June.

⁽⁴⁾ The basic and diluted earnings per share were the same as there were no dilutive instruments as at 30 June 2022 and 30 June 2023.

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		As at 30.06.2023	As at 30.06.2022	As at 30.06.2023	As at 30.06.2022
		S\$	S\$	S\$	S\$
ASSETS					
Current assets					
Restricted fixed deposits		452,452	470,145	-	-
Inventories	9	1,805,194	2,724,338	-	-
Contract assets		330,510	314,048	-	-
Contract costs		45,200	56,983	-	-
Trade and other receivables	8	2,511,548	4,716,546	2,503,241	2,216,059
Loans to subsidiaries		-	-	621,563	1,029,072
Cash and cash equivalents		7,113,363	8,481,479	146,638	153,090
Total current assets		12,258,267	16,763,539	3,271,442	3,398,221
Non-current assets					
Investment in subsidiaries	10	-	-	3,000,199	4,000,039
Plant and equipment	11	408,384	165,691	-	-
Other investments		7,605	7,605	-	-
Total non-current assets		415,989	173,296	3,000,199	4,000,039
Total assets		12,674,256	16,936,835	6,271,641	7,398,260
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	12	2,362,512	3,275,460	205,669	291,389
Contract liabilities		787,126	767,145	-	-
Lease liabilities	13	10,496	10,011	-	-
Bank borrowings	13	1,265,278	1,234,020	-	-
Income tax payable		-	114,339	-	-
Total current liabilities		4,425,412	5,400,975	205,669	291,389
Non-current liabilities					
Bank borrowings	13	1,296,543	2,561,772	-	-
Lease liabilities	13	19,610	30,106	-	-
Deferred tax liabilities		1,490	1,490	-	-
Total non-current liabilities		1,317,643	2,593,368	-	-
Capital and reserves					
Share capital	14	9,405,906	9,405,906	9,405,906	9,405,906
Treasury shares		(89,353)	(89,353)	(89,353)	(89,353)
Capital reserves		(589,999)	(589,999)	210,000	210,000
Accumulated (losses)/profits		(1,795,353)	215,938	(3,460,581)	(2,419,682)
Total capital and reserves		6,931,201	8,942,492	6,065,972	7,106,871
Total liabilities and equity		12,674,256	16,936,835	6,271,641	7,398,260

C. Condensed interim statements of changes in equity

Group	Share capital S\$	Treasury shares S\$	Capital reserves S\$	Accumulated profits/(losses) S\$	Total S\$
Balance at 1 July 2022	9,405,906	(89,353)	(589,999)	215,938	8,942,492
Loss for the year, representing total comprehensive loss for the year	-	-	-	(2,011,291)	(2,011,291)
Balance at 30 June 2023	9,405,906	(89,353)	(589,999)	(1,795,353)	6,931,201
Balance at 1 July 2021	9,405,906	(89,353)	(589,999)	(47,513)	8,679,041
Profit for the year, representing total comprehensive income for the year	-	-	-	263,451	263,451
Balance at 30 June 2022	9,405,906	(89,353)	(589,999)	215,938	8,942,492
Company					
Balance at 1 July 2022	9,405,906	(89,353)	210,000	(2,419,682)	7,106,871
Loss for the year, representing total comprehensive loss for the year	-	-	-	(1,040,899)	(1,040,899)
Balance at 30 June 2023	9,405,906	(89,353)	210,000	(3,460,581)	6,065,972
Balance at 1 July 2021	9,405,906	(89,353)	210,000	(2,334,896)	7,191,657
Loss for the year, representing total comprehensive loss for the year	-	-	-	(84,786)	(84,786)
Balance at 30 June 2022	9,405,906	(89,353)	210,000	(2,419,682)	7,106,871

D. Condensed interim consolidated statements of cash flows

	Note	Group	
		Unaudited FY2023 S\$	Audited FY2022 S\$
Operating activities			
(Loss)/Profit before tax		(2,019,846)	295,124
Adjustments for:			
Interest income	5.1	(576)	(1,036)
Interest expense	5.1	97,054	129,391
Depreciation of plant and equipment	5.1	105,484	483,238
Gain on disposal of plant and equipment	5.1	(240)	(8,461)
Inventories written-off	5.1	33,112	59,734
Inventories written-down	5.1	33,704	22,665
Impairment loss of trade receivables	5.1	31,572	174,679
Net foreign exchange loss/(gain) - unrealised		16,060	(31,782)
Operating cash flows before working capital changes		(1,703,676)	1,123,552
Inventories		845,778	2,291,504
Contract assets		(16,462)	(148,479)
Contract costs		11,783	707,249
Trade and other receivables		2,173,677	(2,121,984)
Trade and other payables		242,049	44,451
Contract liabilities		19,981	(1,090,361)
Cash generated from operations		1,573,130	805,932
Taxes (paid)/received		(105,784)	40,143
Interest received		9	9
Net cash from operating activities		1,467,355	846,084
Investing activities			
Purchase of plant and equipment		(346,998)	(94,759)
Proceeds from disposal of plant and equipment		5,611	83,179
Net cash used in investing activities		(341,387)	(11,580)
Financing activities			
Interest paid		(103,440)	(123,005)
Repayments of bank borrowings		(1,233,971)	(1,085,136)
Payments of lease liabilities		(10,011)	(9,547)
Utilisation of trade financing facilities		1,084,416	3,193,990
Repayment of trade financing facilities		(2,229,447)	(2,048,959)
Restricted fixed deposits pledged		-	(452,000)
Restricted fixed deposits released		18,159	1,404,431
Fixed deposit placed with a financial institution		(18,159)	-
Restricted cash pledged		(41,681)	-
Net cash (used in)/from financing activities		(2,534,134)	879,774
Net (decrease)/increase in cash and cash equivalents		(1,408,166)	1,714,278
Effect of exchange rate changes on the balance of cash held in foreign currencies		(19,817)	36,542
Cash and cash equivalents at beginning of the year		8,367,547	6,616,727
Cash and cash equivalents at end of the year		6,939,564	8,367,547
Cash and cash equivalents in the Group's cash flow statements comprise the following:			
Cash at bank and on hand		6,939,564	8,367,547
Fixed deposit with a financial institution		18,186	-
Fixed deposit pledged		452,452	470,145
Restricted cash		155,613	113,932
Cash and cash equivalents at end of the year		7,565,815	8,951,624

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

IPS Securex Holdings Limited (the “Company”) is incorporated in the Republic of Singapore, whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited. These condensed interim financial statements for the six months and year ended 30 June 2023 cover the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of an investment holding company, business and management consultancy services, provision of services and trading of security products.

The principal activities of the subsidiaries are:

- a. distribution, installation and commissioning of security equipment;
- b. provision of maintenance support; and
- c. leasing services.

The latest audited annual financial statements of the Group for the reporting year ended 30 June 2022 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Basis of Preparation

The condensed interim financial statements for the six months and year ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022. The accounting policies adopted are consistent with those of the previous reporting year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual financial statements of the Group for the reporting year ended 30 June 2022. The condensed interim financial statements are presented in Singapore Dollar (“S\$”) which is the Company’s functional currency.

2.1 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2022.

The following amendments to SFRS(I)s are not expected to have a significant impact on the financial statements of the Group and the Company.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the reporting year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.3 Seasonal operations

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

3. Segment and revenue information

The Group is organised into the following main business segments:

- Security solutions; and
- Maintenance and leasing.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Executive Officer, Kelvin Lim Ching Song, who is responsible for allocating resources and assessing performance of the operating segments.

3.1 Reportable Segments

Group	Security solutions		Maintenance and leasing		Total	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	7,654,059	11,475,254	3,889,027	4,292,306	11,543,086	15,767,560
Inter-segment revenue	-	-	261,000	349,600	261,000	349,600
Other income						
Interest income	527	1,000	14	27	541	1,027
Interest expense	(13,891)	(15,698)	-	(55)	(13,891)	(15,753)
Depreciation	-	-	-	(379,300)	-	(379,300)
Impairment loss of trade receivables	(31,572)	(173,427)	-	(1,252)	(31,572)	(174,679)
Reportable segment profit before tax	962,497	2,469,515	2,470,947	2,910,094	3,433,444	5,379,609
Reportable segment assets	3,385,251	6,782,968	1,762,553	1,445,848	5,147,804	8,228,816
Reportable segment liabilities	(2,210,920)	(2,321,704)	(352,936)	(1,025,182)	(2,563,856)	(3,346,886)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	Group	
	FY2023	FY2022
	S\$	S\$
Revenue		
Total revenue for reportable segments	11,804,086	16,117,160
Elimination of inter-segment revenue	(261,000)	(349,600)
Consolidated revenue	11,543,086	15,767,560
Profit or loss		
Total profit for reportable segments	3,433,444	5,379,609
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	90,104	309,336
- Administrative expenses	(5,430,946)	(5,267,565)
- Other expenses	(21,866)	(26,858)
- Net finance costs	(90,582)	(99,398)
Consolidated (loss)/profit before tax	(2,019,846)	295,124
Assets		
Total assets for reportable segments	5,147,804	8,228,816
Unallocated amounts:		
- Plant and equipment	408,384	165,691
- Cash and cash equivalents	6,957,751	8,367,547
- Others	160,317	174,781
Consolidated total assets	12,674,256	16,936,835
Liabilities		
Total liabilities for reportable segments	(2,563,856)	(3,346,886)
Unallocated amounts:		
- Bank borrowings	(2,561,821)	(3,795,792)
- Lease liabilities	(30,106)	(40,117)
- Other payables	(585,782)	(695,719)
- Deferred tax liabilities	(1,490)	(1,490)
- Income tax payable	-	(114,339)
Consolidated total liabilities	(5,743,055)	(7,994,343)

Group	Security solutions		Maintenance and leasing		Total	
	2H-2023	2H-2022	2H-2023	2H-2022	2H-2023	2H-2022
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	5,557,196	4,721,719	2,088,023	2,138,331	7,645,219	6,860,050
Inter-segment revenue		-		174,800	-	174,800
Other income						
Interest income	299	255	-	14	299	269
Interest expense	(4,332)	(11,531)	-	(9)	(4,332)	(11,540)
Depreciation		-	-	(90,286)	-	(90,286)
Impairment loss of trade receivables	(20,835)	(310,148)	-	(2,408)	(20,835)	(312,556)
Reportable segment profit before tax	<u>664,242</u>	<u>787,187</u>	<u>1,241,749</u>	<u>1,486,399</u>	<u>1,905,991</u>	<u>2,273,586</u>
Reportable segment assets	<u>3,385,251</u>	<u>6,782,968</u>	<u>1,762,553</u>	<u>1,445,848</u>	<u>5,147,804</u>	<u>8,228,816</u>
Reportable segment liabilities	<u>(2,210,920)</u>	<u>(2,321,704)</u>	<u>(352,936)</u>	<u>(1,025,182)</u>	<u>(2,563,856)</u>	<u>(3,346,886)</u>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items		
	Group	
	2H-2023	2H-2022
	S\$	S\$
Revenue		
Total revenue for reportable segments	7,732,219	7,034,850
Elimination of inter-segment revenue	<u>(87,000)</u>	<u>(174,800)</u>
Consolidated revenue	<u>7,645,219</u>	<u>6,860,050</u>
Profit or loss		
Total profit for reportable segments	1,905,991	2,273,586
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	35,754	118,055
- Administrative expenses	(2,677,350)	(2,665,339)
- Other expenses	(3,334)	(6,334)
- Net finance costs	<u>(42,687)</u>	<u>(39,787)</u>
Consolidated loss before tax	<u>(781,626)</u>	<u>(319,819)</u>
Assets		
Total assets for reportable segments	5,147,804	8,228,816
Unallocated amounts:		
- Plant and equipment	408,384	165,691
- Cash and cash equivalents	6,957,751	8,367,547
- Others	<u>160,317</u>	<u>174,781</u>
Consolidated total assets	<u>12,674,256</u>	<u>16,936,835</u>
Liabilities		
Total liabilities for reportable segments	(2,563,856)	(3,346,886)
Unallocated amounts:		
- Bank borrowings	(2,561,821)	(3,795,792)
- Lease liabilities	(30,106)	(40,117)
- Other payables	(585,782)	(695,719)
- Deferred tax liabilities	(1,490)	(1,490)
- Income tax payable	-	<u>(114,339)</u>
Consolidated total liabilities	<u>(5,743,055)</u>	<u>(7,994,343)</u>

3.2 Disaggregation of Revenue

	Security solutions		Maintenance and leasing		Total	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	S\$	S\$	S\$	S\$	S\$	S\$
Geographical markets						
Singapore	7,543,710	10,878,225	2,707,628	2,981,934	10,251,338	13,860,159
Indochina ⁽¹⁾	68,661	38,688	-	-	68,661	38,688
Rest of Southeast Asia ⁽²⁾	6,432	556,584	1,181,399	1,310,372	1,187,831	1,866,956
East Asia ⁽³⁾	26,802	1,757	-	-	26,802	1,757
Other Countries ⁽⁴⁾	8,454	-	-	-	8,454	-
	<u>7,654,059</u>	<u>11,475,254</u>	<u>3,889,027</u>	<u>4,292,306</u>	<u>11,543,086</u>	<u>15,767,560</u>
Major product/ service lines						
Sale of goods	7,654,059	11,475,254	-	-	7,654,059	11,475,254
Maintenance and leasing services	-	-	3,889,027	4,292,306	3,889,027	4,292,306
	<u>7,654,059</u>	<u>11,475,254</u>	<u>3,889,027</u>	<u>4,292,306</u>	<u>11,543,086</u>	<u>15,767,560</u>
Timing of revenue recognition						
At a point in time	7,654,059	11,475,254	-	-	7,654,059	11,475,254
Over time	-	-	3,889,027	4,292,306	3,889,027	4,292,306
	<u>7,654,059</u>	<u>11,475,254</u>	<u>3,889,027</u>	<u>4,292,306</u>	<u>11,543,086</u>	<u>15,767,560</u>

	Security solutions		Maintenance and leasing		Total	
	2H-2023	2H-2022	2H-2023	2H-2022	2H-2023	2H-2022
	S\$	S\$	S\$	S\$	S\$	S\$
Geographical markets						
Singapore	5,553,098	4,340,216	1,566,640	1,482,382	7,119,738	5,822,598
Indochina ⁽¹⁾	-	38,688	-	-	-	38,688
Rest of Southeast Asia ⁽²⁾	-	342,815	521,383	655,949	521,383	998,764
East Asia ⁽³⁾	472	-	-	-	472	-
Other Countries ⁽⁴⁾	3,626	-	-	-	3,626	-
	<u>5,557,196</u>	<u>4,721,719</u>	<u>2,088,023</u>	<u>2,138,331</u>	<u>7,645,219</u>	<u>6,860,050</u>
Major product/ service lines						
Sale of goods	5,557,196	4,721,719	-	-	5,557,196	4,721,719
Maintenance and leasing services	-	-	2,088,023	2,138,331	2,088,023	2,138,331
	<u>5,557,196</u>	<u>4,721,719</u>	<u>2,088,023</u>	<u>2,138,331</u>	<u>7,645,219</u>	<u>6,860,050</u>
Timing of revenue recognition						
At a point in time	5,557,196	4,721,719	-	-	5,557,196	4,721,719
Over time	-	-	2,088,023	2,138,331	2,088,023	2,138,331
	<u>5,557,196</u>	<u>4,721,719</u>	<u>2,088,023</u>	<u>2,138,331</u>	<u>7,645,219</u>	<u>6,860,050</u>

Notes:

(1) "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

(2) "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

(3) "East Asia" includes China, South Korea and Japan.

(4) "Other countries" include Australia, United States of America and India.

A breakdown of sales:

	Group		
	FY2023	FY2022	% change
	S\$	S\$	
Revenue - First Half Year	3,897,867	8,907,510	(56.2)
Revenue - Second Half Year	7,645,219	6,860,050	11.4
Revenue - Total	<u>11,543,086</u>	<u>15,767,560</u>	(26.8)
(Loss)/Profit after tax - First Half Year	(1,238,220)	558,729	N.M
Loss after tax - Second Half year	(773,071)	(295,278)	161.8
(Loss)/Profit after tax - Total	<u>(2,011,291)</u>	<u>263,451</u>	N.M

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 30 June 2022:

	Carrying amount			Fair value
	Amortised cost	Other financial liabilities	Total carrying amount	
Group	S\$	S\$	S\$	S\$
30 June 2023				
Financial assets not measured at fair value				
Trade and other receivables ^	2,233,162	-	2,233,162	
Cash and cash equivalents	7,113,363	-	7,113,363	
Restricted fixed deposits	452,452	-	452,452	
	<u>9,798,977</u>	<u>-</u>	<u>9,798,977</u>	
Financial liabilities not measured at fair value				
Trade and other payables	-	2,362,512	2,362,512	
Loans and borrowings	-	2,591,927	2,591,927	2,533,598
	<u>-</u>	<u>4,954,439</u>	<u>4,954,439</u>	
30 June 2022				
Financial assets not measured at fair value				
Trade and other receivables ^	4,637,897	-	4,637,897	
Cash and cash equivalents	8,481,479	-	8,481,479	
Restricted fixed deposits	470,145	-	470,145	
	<u>13,589,521</u>	<u>-</u>	<u>13,589,521</u>	
Financial liabilities not measured at fair value				
Trade and other payables	-	3,275,460	3,275,460	
Loans and borrowings	-	3,795,792	3,795,792	3,754,575
	<u>-</u>	<u>7,071,252</u>	<u>7,071,252</u>	

^ Excludes prepayments.

5. Profit before taxation

5.1 Significant items

	The Group			
	Unaudited 2H-2023 S\$	Unaudited 2H-2022 S\$	Unaudited FY2023 S\$	Audited FY2022 S\$
Income				
Miscellaneous income	6,986	17,538	7,180	36,555
Gain on disposal of plant and equipment	-	8,181	240	8,461
Government grant and subsidies	28,768	92,336	82,684	264,320
Other income	35,754	118,055	90,104	309,336
Foreign exchange gain (net)	-	13,207	-	14,231
Interest income	330	310	576	1,036
Finance income	330	13,517	576	15,267
Expenses				
Depreciation of plant and equipment	(62,537)	(125,418)	(105,484)	(483,238)
Inventories written off	(32,873)	(59,257)	(33,112)	(59,734)
Rental expense	(112,289)	(112,440)	(222,089)	(227,520)
Allowance for impairment loss on trade receivables (net)	(20,835)	(312,556)	(31,572)	(174,679)
Allowance for inventories obsolescence	(5,907)	(14,690)	(33,704)	(22,665)
Over provision of income tax in respect of prior year	(18,055)	-	(18,055)	-
Interest expense	(41,969)	(64,575)	(97,054)	(129,391)
Foreign exchange loss (net)	(5,082)	-	(7,455)	-
Finance costs	(47,051)	(64,575)	(104,509)	(129,391)

5.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties:

	Group	
	Unaudited FY2023 S\$	Audited FY2022 S\$
Related parties which a director has controlling interest		
Sales	(13,766)	(26,698)
Accounting and administrative services	77,208	77,634
Rental expenses	216,000	216,000
Recharge of expenses	10,578	7,068

6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Unaudited 2H-2023 S\$	Unaudited 2H-2022 S\$	Unaudited FY2023 S\$	Audited FY2022 S\$
Current tax expense/(credit)				
Current period/year	-	4,169	-	114,339
Changes in estimates in respect of prior years	(18,055)	-	(18,055)	-
Withholding tax	9,500	-	9,500	-
	<u>(8,555)</u>	<u>4,169</u>	<u>(8,555)</u>	<u>114,339</u>
Deferred tax (credit)/expense				
Origination and reversal of temporary differences	-	(28,710)	-	(82,666)
	<u>(8,555)</u>	<u>(24,541)</u>	<u>(8,555)</u>	<u>31,673</u>
Reconciliation of effective tax rate				
(Loss)/Profit before tax	<u>(781,626)</u>	<u>(319,819)</u>	<u>(2,019,846)</u>	<u>295,124</u>
Tax using the Singapore tax rate of 17%	(132,876)	(54,369)	(343,374)	50,171
Effect of tax rates in foreign jurisdiction	(233)	217	7	189
Non-deductible expenses	175,484	32,670	350,010	18,642
Non-taxable income	(42,375)	(388)	(6,559)	(17,577)
Tax exempt income	-	(2,671)	(84)	(19,752)
Changes in estimates in respect of prior years	(18,055)	-	(18,055)	-
Withholding tax	9,500	-	9,500	-
	<u>(8,555)</u>	<u>(24,541)</u>	<u>(8,555)</u>	<u>31,673</u>

7. Net asset value

	Group		Company	
	Unaudited As at 30.06.2023	Audited As at 30.06.2022	Unaudited As at 30.06.2023	Audited As at 30.06.2022
Net asset value per ordinary share based on the number of shares in issue at end of year (cents)	<u>1.4</u>	<u>1.8</u>	<u>1.3</u>	<u>1.5</u>

8. Trade and other receivables

	Group		Company	
	Unaudited As at 30.06.2023 S\$	Audited As at 30.06.2022 S\$	Unaudited As at 30.06.2023 S\$	Audited As at 30.06.2022 S\$
Trade receivables	2,354,450	3,876,735	-	-
Impairment loss on trade receivables	(353,352)	(324,188)	-	-
	<u>2,001,098</u>	<u>3,552,547</u>	-	-
Other receivables	1,861	1,798	-	-
Amounts due from subsidiaries (non-trade)	-	-	2,453,604	2,166,702
Deposits	230,203	1,083,552	40,880	40,820
	<u>2,233,162</u>	<u>4,637,897</u>	<u>2,494,484</u>	<u>2,207,522</u>
Prepayments	278,386	78,649	8,757	8,537
	<u>2,511,548</u>	<u>4,716,546</u>	<u>2,503,241</u>	<u>2,216,059</u>

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

9. Inventories

	Group	
	Unaudited As at 30.06.2023 S\$	Audited As at 30.06.2022 S\$
Inventories, net of allowance for inventories obsolescence	<u>1,805,194</u>	<u>2,724,338</u>

The movements in the allowance for inventories obsolescence during the year was as follows:

	Unaudited FY2023 S\$	Audited FY2022 S\$
At 1 July	214,528	191,863
Write-down during the year	<u>33,704</u>	<u>22,665</u>
At 30 June	<u>248,232</u>	<u>214,528</u>

During the year, inventories of S\$7,451,215 (FY2022: S\$9,364,210) were recognised as an expense and included in "cost of sales".

10. Investment in subsidiaries

	Company	
	Unaudited	Audited
	As at 30.06.23	As at 30.06.22
	S\$	S\$
Unquoted equity shares, at cost	5,344,199	5,344,199
Provision for impairment	(2,344,000)	(1,344,160)
	<u>3,000,199</u>	<u>4,000,039</u>

Movements in the allowance for impairment of subsidiaries are as follows:

	Unaudited	Audited
	FY2023	FY2022
	S\$	S\$
At 1 July	1,344,160	1,344,160
Charged to profit and loss	999,840	-
At 30 June	<u>2,344,000</u>	<u>1,344,160</u>

The Company assesses at each reporting date whether there is any indication that the investment in subsidiaries is impaired. To determine whether there is indication of impairment, the Company considers factors such as a significant deterioration in the financial position of the subsidiaries or the subsidiaries are experiencing significant financial difficulties.

Management identified an indication of impairment in its investment in a subsidiary as the recoverable amount was estimated based on cash flow projections of the underlying assets at the end of the reporting year. As a result, an impairment loss of S\$999,840 (FY2022: S\$Nil) arose from the impairment exercise performed at year end.

11. Plant and equipment

Group	Computers and office equipment S\$	Furniture, fixtures and office renovation S\$	Tools and equipment S\$	Motor vehicles S\$	Alert alarm systems S\$	Construction- in-progress S\$	Total S\$
Cost							
At 30 June 2021	610,659	749,729	67,424	410,184	4,160,772	16,080	6,014,848
Additions	11,521	8,487	73,551	-	-	1,200	94,759
Transfers	17,280	-	448	-	-	(17,280)	448
Disposals/Write-off	(31,087)	(545)	(7,545)	(146,263)	-	-	(185,440)
At 30 June 2022	608,373	757,671	133,878	263,921	4,160,772	-	5,924,615
Additions	63,836	2,350	7,769	273,043	-	-	346,998
Transfers	6,550	-	-	-	-	-	6,550
Disposals/Write-off	(35,114)	-	(1,405)	(96,444)	(4,160,772)	-	(4,293,735)
At 30 June 2023	643,645	760,021	140,242	440,520	-	-	1,984,428
Accumulated depreciation and impairment losses							
At 30 June 2021	532,323	722,275	66,549	275,749	3,781,472	8,040	5,386,408
Depreciation for the year	34,264	28,520	15,052	26,102	379,300	-	483,238
Transfers	8,040	-	-	-	-	(8,040)	-
Disposals/Write-off	(31,087)	(177)	(7,545)	(71,913)	-	-	(110,722)
At 30 June 2022	543,540	750,618	74,056	229,938	4,160,772	-	5,758,924
Depreciation for the year	37,130	1,896	15,427	51,031	-	-	105,484
Disposals/Write-off	(35,114)	-	(607)	(91,871)	(4,160,772)	-	(4,288,364)
At 30 June 2023	545,556	752,514	88,876	189,098	-	-	1,576,044
Carrying amounts							
At 1 July 2021	78,336	27,454	875	134,435	379,300	8,040	628,440
At 30 June 2022	64,833	7,053	59,822	33,983	-	-	165,691
At 30 June 2023	98,089	7,507	51,366	251,422	-	-	408,384

During the year ended 30 June 2023, the depreciation of the alert alarm systems and other plant and equipment was Nil (30 June 2022: S\$379,300) and S\$105,484 (30 June 2022: \$103,938) respectively.

During the year ended 30 June 2023, the Group acquired assets amounting to S\$346,998 (30 June 2022: S\$94,759) and disposed and wrote off assets with carrying amounts to S\$5,371 (30 June 2022: S\$74,718).

During the year ended 30 June 2023, the Group transferred office equipment (30 June 2022: tools and equipment) with carrying amount of \$6,550 (30 June 2022: \$448) from inventories to plant and equipment for the Group's own use.

12. Trade and other payables

	Group		Company	
	Unaudited As at 30.06.2023 S\$	Audited As at 30.06.2022 S\$	Unaudited As at 30.06.2023 S\$	Audited As at 30.06.2022 S\$
Trade payables	1,027,366	1,100,930	-	-
Bills payable	-	1,145,031	-	-
Other payables	214,046	168,600	28,147	27,220
Amounts due to:				
– Subsidiary (non-trade)	-	-	20	3,446
– Related parties (non-trade)	26,950	52,999	26,389	52,289
Accruals	1,094,150	807,900	113,313	170,634
	2,362,512	3,275,460	167,869	253,589
Deposit received	-	-	37,800	37,800
	2,362,512	3,275,460	205,669	291,389

The non-trade amounts due to subsidiary and related parties are unsecured, interest-free and are repayable on demand.

Deposit received from subsidiaries are non-trade, unsecured, interest-free and are repayable on demand.

13. Loans and borrowings

	Group			
	As at 30.06.2023		As at 30.06.2022	
<u>Amount repayable in one year or less, or on demand</u>	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Bank borrowings	1,265,278	-	1,234,020	-
Lease liabilities	10,496	-	10,011	-
	1,275,774	-	1,244,031	-
<u>Amount repayable after one year</u>				
Bank borrowings	1,296,543	-	2,561,772	-
Lease liabilities	19,610	-	30,106	-
	1,316,153	-	2,591,878	-
	2,591,927	-	3,835,909	-

The Group's bank borrowings have a final maturity date on 30 September 2025 and bear a fixed interest rate of 2.5% per annum.

Details of the collaterals:

The Group's borrowings are secured by corporate guarantees provided by IPS Securex Holdings Limited. The Group's lease liabilities are secured by the plant and equipment purchased under the lease.

14. Share capital

	Unaudited As at 30.06.2023	Audited As at 30.06.2022	Unaudited As at 30.06.2023	Audited As at 30.06.2022
	Number of ordinary shares		S\$	S\$
Issued and fully paid ordinary shares, with no par value:				
At beginning and end of the financial year	486,000,000	486,000,000	9,405,906	9,405,906

There were no outstanding convertibles and subsidiary holdings held by the Company as at 30 June 2023 and 30 June 2022. The number of shares held as treasury shares as at 30 June 2023 and 30 June 2022 is 1,155,900 treasury shares. The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 30 June 2023 and 30 June 2022 is 0.24%.

F. Other information required by Listing Rule Appendix 7C

1. Review

The condensed interim consolidated statements of financial position of IPS Securex Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Group has two major business segments, namely (i) Security Solutions Business; and (ii) Maintenance and Leasing Business.

The Group's revenue increased by approximately S\$785,000 million or 11.4% from S\$6.9 million in 2H-2022 to S\$7.6 million in 2H-2023; and decreased by approximately S\$4.2 million or 26.8% from S\$15.8 million in FY2022 to S\$11.5 million in FY2023.

Security Solutions Business: 2H-2023

Revenue from the Security Solutions Business increased by approximately S\$835,000 or 17.7% from S\$4.7 million in 2H-2022 to S\$5.6 million in 2H-2023. This was mainly attributable to an increase in revenue from providing integrated security solutions in Singapore of S\$1.7 million, an increase in sales of security products to customers in Others⁽⁴⁾ of S\$4,000, and partially offset by a decrease in the sales of security products to customers in Singapore of S\$465,000, in Rest of Southeast Asia⁽²⁾ of S\$343,000, and in Indochina⁽¹⁾ of S\$39,000;

Security Solutions Business: FY2023

Revenue from the Security Solutions Business decreased by approximately S\$3.8 million or 33.3% from S\$11.5 million in FY2022 to S\$7.7 million in FY2023. This was mainly attributable to decrease in revenue in FY2023 from the sale of security products to customers in Singapore of S\$464,000, in Rest of Southeast Asia⁽²⁾ of S\$550,000; and a decrease in revenue from providing integrated security solutions in Singapore of S\$2.9 million, partially offset by an increase in sales of security products to customers in Indochina⁽¹⁾ of S\$30,000, in East Asia⁽³⁾ of S\$25,000 and in Others⁽⁴⁾ of S\$8,000.

Maintenance and Leasing Business: 2H-2023

Revenue from the Maintenance and Leasing Business decreased by approximately S\$50,000 or 2.4% from \$2.13 million in 2H-2022 to \$2.09 million in 2H-2023. This was attributable to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$105,000, a decrease in revenue from the provision of maintenance support services to Rest of Southeast Asia⁽²⁾ of S\$134,000 and partially offset by an increase in revenue from the provision of maintenance support services to customers in Singapore of S\$189,000.

Maintenance and Leasing Business: FY2023

Revenue from the Maintenance and Leasing Business decreased by approximately S\$403,000 or 9.4% from S\$4.3 million in FY2022 to S\$3.9 million in FY2023. This was mainly attributable to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$658,000, a decrease in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia⁽²⁾ of S\$129,000; and partially offset by an increase in revenue from the provision of maintenance support services to a customer in Singapore of S\$384,000;

Notes:

⁽¹⁾ "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

⁽²⁾ "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

⁽³⁾ "East Asia" includes China, South Korea and Japan.

⁽⁴⁾ "Others" includes Australia, United States of America and India.

Cost of sales

Cost of sales increased by approximately S\$1.5 million or 35.0% from S\$4.1 million in 2H-2022 to S\$5.6 million in 2H-2023. This was mainly due to the net increase in direct material costs and a higher proportion of integrated security solutions undertaken by the Group which had a higher cost base relative to revenue.

Cost of sales decreased by approximately S\$2.1 million or 21.3% from S\$10.0 million in FY2022 to S\$7.9 million in FY2023. This was mainly due to the decrease in direct material costs incurred due to the decline in the Group's revenue.

Gross profit

Gross profit decreased by approximately S\$666,000 or 24.5% from S\$2.7 million in 2H-2022 to S\$2.0 million in 2H-2023 and decreased by approximately S\$2.1 million or 36.3% from S\$5.8 million in FY2022 to S\$3.7 million in FY2023 as a result of the factors discussed above.

Gross margin decreased from 39.6% in 2H-2022 to 26.8% in 2H-2023 and from 36.6% in FY2022 to 31.9% in FY2023 due to lower margins from the Security Solutions Business and the Maintenance and Leasing Business.

Other income

Other income decreased by approximately S\$82,000 or 69.7% from S\$118,000 in 2H-2022 to S\$36,000 in 2H-2023. This was mainly due to the decrease in government grants and subsidies of S\$67,000, a decrease in gain on disposal of plant and equipment of S\$8,000, and decrease in miscellaneous income of S\$7,000.

Other income decreased by approximately S\$219,000 or 70.9% from S\$309,000 in FY2022 to S\$90,000 in FY2023. This was mainly due to the decrease in government grants and subsidies of S\$185,000, a decrease in gain on disposal of plant and equipment of \$8,000, decrease in the sales of scrap metal of S\$7,000 and an absence in FY2023 of proceeds receivable from insurance claims in FY2022 of S\$16,000 relating to i) damage of equipment under a maintenance and leasing contract of S\$12,000 and ii) workman compensation due to a minor staff injury of S\$4,000.

Administrative expenses

Administrative expenses increased by approximately S\$48,000 or 1.8% from S\$2.7 million in 2H-2022 to S\$2.8 million in 2H-2023. This was mainly due to an increase in distribution and marketing expenses.

Administrative expenses increased by approximately S\$176,000 or 3.3% from S\$5.4 million in FY2022 to S\$5.6 million in FY2023. This was mainly due to an increase in employees' remuneration and benefit expenses of S\$112,000, an increase in entertainment expenses of S\$15,000, an increase in exhibition expenses of S\$17,000, an increase in travelling expenses of S\$23,000, and an increase in distribution and marketing expenses of S\$13,000 due to the lifting of COVID-19 travel restrictions, and partially offset by a decrease in office related expenses of S\$4,000

Other operating expenses

Other operating expenses decreased by approximately S\$330,000 or 84.0% from S\$393,000 in 2H-2022 to S\$63,000 in 2H-2023. This was mainly due to a decrease in inventories written off of S\$26,000, a decrease in allowance for doubtful debts of S\$292,000, a decrease in allowance for inventories obsolescence of S\$9,000 and decrease in miscellaneous expenses of S\$3,000.

Other operating expenses decreased by approximately S\$164,000 or 57.6% from S\$284,000 in FY2022 to S\$120,000 in FY2023. This was mainly due to a decrease in inventory written off of S\$27,000, a decrease in allowance for doubtful debts of S\$143,000, a decrease in bank charges of S\$5,000; and partially offset by an increase in allowance for inventories obsolescence of S\$11,000.

Finance income

Finance income decreased by approximately S\$13,000 or 97.6% from S\$14,000 in 2H-2022 to S\$300 in 2H-2023. This was mainly due to an absence in 2H-2023 of a net foreign exchange gain of S\$13,000 which arose from the settlement of trade payables denominated in United States Dollars due to the depreciation of the United States Dollar against the Singapore Dollar in 2H-2022.

Finance income decreased by approximately S\$14,000 or 96.2% from S\$15,000 in FY2022 to S\$600 in FY2023. This was mainly due to an absence in FY2023 of a net foreign exchange gain of S\$14,000 which arose from the settlement of trade payables denominated in United States dollars due to the depreciation of the United States Dollar against the Singapore Dollar in FY2022.

Finance costs

Finance costs decreased by approximately S\$18,000 or 27.1% from S\$65,000 in 2H-2022 to S\$47,000 in 2H-2023. This was mainly due to the net decrease in interest expense of S\$23,000 due to lower utilisation of credit facilities and partially offset by an increase in foreign exchange loss (net) arising from the revaluation of bank balances held in United States Dollars due to the depreciation of the United States dollar against the Singapore dollar of S\$5,000.

Finance costs decreased by approximately S\$25,000 or 19.2% from S\$129,000 in FY2022 to S\$104,000 in FY2023. This was mainly due to the net decrease in interest expense of S\$32,000 due to lower utilisation of credit facilities and partially offset by an increase in foreign exchange loss (net) arising from the revaluation of bank balances held in United States Dollars due to the depreciation of the United States Dollar against the Singapore Dollar of S\$7,000.

Tax credit/(expense)

Tax credit decreased by approximately \$16,000 or 65.1% from \$25,000 in 2H-2022 to \$9,000 in 2H-2023. The decrease in tax credit was attributable to the reversal of deferred tax liabilities in 2H-2022, partially offset against over-provision of current tax in respect of prior year in 2H-2023.

Tax expense decreased by approximately \$40,000 from a tax expense of \$32,000 in FY2022 to a tax credit of \$9,000 in FY2023. The decrease in tax expense was attributable to the loss before tax that the Group incurred in FY2023 whereas a profit before tax was recorded in FY2022.

Review of the Group's financial position

Current assets

Current assets decreased by approximately S\$4.5 million from S\$16.8 million as at 30 June 2022 to S\$12.3 million as at 30 June 2023. The decrease in current assets was mainly due to:

- (i) a decrease in restricted fixed deposits of S\$18,000 mainly due to a decrease in fixed deposits held as security for a bank guarantee for the performance of a maintenance contract in Brunei which has now been lifted with the completion of the contract;
- (ii) a decrease in inventories of S\$919,000 arising from utilization of parts and components for the Security Solutions Business during the year;
- (iii) a decrease in contract costs of \$12,000 mainly due to the decrease in costs incurred to fulfil contracts where the goods and services had yet to be transferred to the customers as at 30 June 2023;
- (iv) a decrease in trade and other receivables of S\$2.2 million mainly due to receipt of payment from customers of S\$1.5 million and a decrease in deposits placed with suppliers for purchase of security products of S\$846,000; and partially offset by an increase in prepayment for travelling expenses of

S\$31,000, and an increase in prepayment for the purchase of parts for maintenance support service of S\$165,000; and

- (v) a decrease in cash and cash equivalents of S\$1.4 million,

partially offset by:

- (vi) an increase in contract assets of S\$16,000 mainly attributable to revenue recognized for work completed but where billings had yet to be raised as at 30 June 2023.

Non-current assets

Non-current assets increased by approximately S\$243,000 from S\$173,000 as at 30 June 2022 to S\$416,000 as at 30 June 2023. The increase in non-current assets was due to the purchase of plant and equipment of S\$354,000 and partially offset by depreciation charges on plant and equipment of \$105,000 and disposal of plant and equipment of S\$6,000;

Current liabilities

Current liabilities decreased by approximately S\$976,000 from S\$5.4 million as at 30 June 2022 to S\$4.4 million as at 30 June 2023. The decrease in current liabilities was mainly due to:

- (i) a decrease in trade and other payables of S\$913,000 mainly attributable to a decrease in trade financing facilities of S\$1.1 million, decrease in amount payable to trade suppliers of S\$73,000, decrease in accrual of operating expenses of S\$98,000, decrease in amount payable to non-trade due to related parties of S\$26,000 in relation to rental fees to IPS Realty Pte Ltd and Group services fees to IPS Group Pte Ltd, partially offset by an increase in accrual of project cost for integrated security solutions projects of S\$384,000, and increase in other payables of S\$45,000 which comprised mainly GST payables and payables for staff reimbursements.
- (ii) a decrease in income tax payable of S\$114,000 mainly attributable to the payment of taxes for FY2022 of S\$106,000 and no income tax was payable as at 30 June 2023 due to the net loss incurred for FY2023,

partially offset by:

- (iii) an increase in contract liabilities of S\$20,000 mainly due to advance consideration received from customers in Singapore in relation to the provision of integrated security solutions; and
- (iv) an increase in bank borrowings of S\$31,000 mainly due to reclassification of long term bank borrowings to current liabilities as these would become due in the next 12 months from 30 June 2023.

Non-current liabilities

Non-current liabilities decreased by approximately S\$1.3 million from S\$2.6 million as at 30 June 2022 to S\$1.3 million as at 30 June 2023. This was due to repayment of bank borrowings of S\$1.3 million in respect of the loan secured by the Group for general corporate purposes, reclassification of long term bank borrowings of S\$31,000 to current liabilities as these would become due in the next 12 months from 30 June 2023 and payment of lease liabilities of S\$10,000.

Capital and reserves

Capital and reserves decreased by approximately S\$2.0 million from S\$8.9 million as at 30 June 2022 to S\$6.9 million as at 30 June 2023. This was due to net loss recognised in FY2023 of S\$2.0 million.

Review of the Group's cashflows

Net cash from operating activities

In FY2023, the net cash from operating activities was approximately S\$1.5 million, which consisted of operating cash outflow before working capital changes of S\$1.7 million, net working capital inflow of S\$3.3 million and income tax paid of S\$106,000.

The net working capital inflow arose mainly from the following:

- (i) a decrease in trade and other receivables of S\$2.2 million mainly due to receipt of payment from customers of S\$1.5 million and a decrease in deposits placed with suppliers for purchase of security products of S\$846,000; and partially offset by an increase in prepayment for travelling expenses of S\$31,000, and an increase in prepayment for the purchase of parts for maintenance support service of S\$165,000;
- (ii) a decrease in inventories of S\$846,000 arising from utilization of parts and components for Security Solutions Business during the year;
- (iii) a decrease in contract costs of \$12,000 mainly due to the decrease in costs incurred to fulfil contracts where the goods and services had yet to be transferred to the customers as at 30 June 2023;
- (iv) an increase in contract assets of S\$16,000 mainly attributable to revenue recognized for work completed but where billings had yet to be raised as at 30 June 2023;
- (v) an increase in trade and other payables of S\$242,000 mainly attributable to an increase in accrual of project cost for integrated security solutions projects of S\$384,000, and increase in other payables of S\$45,000 which comprised mainly GST payables and payables for staff reimbursements, partially offset by a decrease in amount payable to trade suppliers of S\$73,000, decrease in accrual of operating expenses of S\$88,000, decrease in amount payable to non-trade due to related parties of S\$26,000 in relation to rental fees to IPS Realty Pte Ltd and Group service fees to IPS Group Pte Ltd; and
- (vi) an increase in contract liabilities of S\$20,000 mainly due to advance consideration received from customers in Singapore in relation to the provision of integrated security solutions.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$341,000 in FY2023 mainly arising from the purchase of plant and equipment of S\$347,000 and partially offset by proceeds from disposal of plant and equipment of S\$6,000.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$2.5 million in FY2023. This was mainly due to the decrease in net trade financing facilities utilized of S\$1.1 million, the repayment of bank borrowings of S\$1.2 million, payment of lease liabilities of S\$10,000, interest paid of S\$103,000 and restricted cash pledged of S\$41,000.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

4. 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 Group continues to engage with its customers to understand their current and evolving needs. At the same time, the Group will continue to acquire and broaden its suite of security products and solutions to keep its customers on the cutting edge of technology. This allows the Group to continue to provide its customers with the relevant and latest security products and solutions supported by excellent support services.

The Group saw a decrease in revenue in the first six months of FY2023, which was attributable to procurement disruptions due to customers budget prioritization towards defence and pandemic requirements, increasing material costs, delays in the calling of prospective tenders by potential and existing customers in the region and delays in ongoing projects due to supply chain disruptions (i.e. shortage of materials) during the still present COVID-19 pandemic and amidst geo-political uncertainties.

The Group is carefully monitoring and taking all necessary measures to improve the situation. The Group has taken measures to work with both customers and suppliers to manage increasing material costs by sourcing for alternative solutions and/or negotiating better pricings for material costs and to manage supply chain disruptions by extending delivery lead times and/or delivering goods in phases and the Group is monitoring to improve the situation. Nevertheless, with its recent announcement on 24 May 2023 of a single security contract for a total contract value of approximately S\$4.92 million, the Group continues to focus on its targeted market for business growth in Singapore and Rest of Asia market, relating to general security at buildings and facilities including Government sites, data centres and commercial buildings.

5. Dividend Information

(a) Whether any interim (final) ordinary dividend has been declared (recommended)

No.

(b) Any dividend declared (recommended) for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

6. If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend.

No dividend has been declared or recommended for FY2023 in view that the Group recorded a net loss for the reporting year.

7. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions (“IPT”) pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (“Catalist Rules”). However, pursuant to Rule 905 of the Catalist Rules, the following is disclosed.

	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules)			
	2H-2023 S\$	2H-2022 S\$	FY2023 S\$	FY2022 S\$
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense)</u> by:-				
IPS Realty Pte Ltd	(108,000)	(108,000)	(216,000)	(216,000)
IPS Group Pte. Ltd.	(38,604)	(38,604)	(77,208)	(77,634)

8. Confirmation by the Issuer pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors (“Directors”) and executive officers as required under Rule 720(1) of the Catalist Rules.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(10) of the Catalist Rules, IPS Securex Holdings Limited confirms that there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Kelvin Lim Ching Song
Executive Director and Group Chief Executive Officer
24 August 2023