



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

**Condensed interim financial statements  
For the six months and full year ended  
30 June 2021**

*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. Consolidated interim statement of profit or loss and other comprehensive income

		The Group					
		Unaudited 2H-2021 <sup>(1)</sup>	Unaudited 2H-2020 <sup>(2)</sup>	Increase/ (Decrease) % change	Unaudited FY2021 <sup>(3)</sup>	Audited FY2020 <sup>(3)</sup>	Increase/ (Decrease) % change
	Note	S\$	S\$	%	S\$	S\$	
<b>Revenue</b>	3.2	4,725,406	10,505,008	(55.0)	8,691,992	19,324,384	(55.0)
Cost of sales		(2,628,515)	(6,571,391)	(60.0)	(4,556,524)	(11,761,409)	(61.3)
<b>Gross profit</b>		2,096,891	3,933,617	(46.7)	4,135,468	7,562,975	(45.3)
Other income	5.1	467,881	343,842	36.1	962,723	363,101	165.1
Administrative expenses		(2,392,159)	(2,720,511)	(12.1)	(4,871,843)	(5,399,642)	(9.8)
Other operating expenses		(59,635)	(44,929)	32.7	(97,308)	(191,401)	(49.2)
Finance income	5.1	50,333	1,828	2,653.4	2,290	47,440	(95.2)
Finance costs	5.1	(68,248)	(53,894)	26.6	(157,780)	(90,990)	73.4
<b>Profit/(Loss) before income tax</b>	5.1	95,063	1,459,953	(93.5)	(26,450)	2,291,483	(101.2)
Income tax credit/(expense)	6	102,545	(191,679)	(153.5)	121,887	(254,899)	(147.8)
<b>Profit for the year, representing total comprehensive income for the year</b>		<b>197,608</b>	<b>1,268,274</b>	<b>(84.4)</b>	<b>95,437</b>	<b>2,036,584</b>	<b>(95.3)</b>
<b><u>Earnings per share for profit attributable to the owners of the Company during the period</u></b>							
Basic and diluted (cents) <sup>(4)</sup>		0.04	0.26		0.02	0.42	

### Notes:

<sup>(1)</sup> "2H-2021" refers to the second half ended 30 June 2021.

<sup>(2)</sup> "2H-2020" refers to the second half ended 30 June 2020.

<sup>(3)</sup> "FY" refers to the financial year ended 30 June.

<sup>(4)</sup> The basic and diluted earnings per share were the same as there were no dilutive instruments as at 30 June 2020 and 30 June 2021

## B. Consolidated interim statements of financial position

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		As at 30.06.2021	As at 30.06.2020	As at 30.06.2021	As at 30.06.2020
		S\$	S\$	S\$	S\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		8,151,806	4,128,203	160,007	141,251
Trade and other receivables	8	2,765,298	5,148,913	2,254,128	2,173,512
Loans to subsidiaries		-	-	1,025,103	1,429,576
Inventories	9	5,098,689	1,628,538	-	-
Contract cost		764,232	213,441	-	-
Contract assets		165,569	882,154	-	-
Current tax assets		40,143	-	-	-
<b>Total current assets</b>		<b>16,985,737</b>	<b>12,001,249</b>	<b>3,439,238</b>	<b>3,744,339</b>
<b>Non-current assets</b>					
Investment in subsidiaries	10	-	-	4,000,039	5,344,199
Plant and equipment	11	628,440	1,390,083	-	-
Other investments		7,605	7,605	-	-
		<b>636,045</b>	<b>1,397,688</b>	<b>4,000,039</b>	<b>5,344,199</b>
<b>Total assets</b>		<b>17,621,782</b>	<b>13,398,937</b>	<b>7,439,277</b>	<b>9,088,538</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	12	2,070,487	2,381,367	247,620	462,170
Contract liabilities		1,857,506	1,620,535	-	-
Lease liability	13	9,547	18,151	-	-
Bank borrowings	13	1,044,805	23,545	-	-
Income tax payable		-	87,843	-	-
<b>Total current liabilities</b>		<b>4,982,345</b>	<b>4,131,441</b>	<b>247,620</b>	<b>462,170</b>
<b>Non-current liabilities</b>					
Bank borrowings	13	3,836,123	476,455	-	-
Lease liability	13	40,117	34,507	-	-
Deferred tax liabilities		84,156	172,930	-	-
		<b>3,960,396</b>	<b>683,892</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>					
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		(47,513)	(142,950)	(2,334,896)	(900,185)
		<b>8,679,041</b>	<b>8,583,604</b>	<b>7,191,657</b>	<b>8,626,368</b>
<b>Total liabilities and equity</b>		<b>17,621,782</b>	<b>13,398,937</b>	<b>7,439,277</b>	<b>9,088,538</b>

## C. Consolidated interim statements of changes in equity

S\$ Group	Share capital	Treasury shares	Other reserves	Accumulated profit/(losses)	Total
Balance at 1 July 2020	9,405,906	(89,353)	(589,999)	(142,950)	8,583,604
<b>Total comprehensive income for the year</b>					
Profit for the period, representing total comprehensive income for the period	-	-	-	95,437	95,437
Balance at 30 June 2021	9,405,906	(89,353)	(589,999)	(47,513)	8,679,041
Balance at 1 July 2019	9,405,906	(89,353)	(589,999)	(2,179,534)	6,547,020
<b>Total comprehensive income for the year</b>					
Profit for the period, representing total comprehensive income for the period	-	-	-	2,036,584	2,036,584
Balance at 30 June 2020	9,405,906	(89,353)	(589,999)	(142,950)	8,583,604
<b>Company</b>					
Balance at 1 July 2020	9,405,906	(89,353)	210,000	(900,185)	8,626,368
<b>Total comprehensive loss for the year</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,434,711)	(1,434,711)
Balance at 30 June 2021	9,405,906	(89,353)	210,000	(2,334,896)	7,191,657
Balance at 1 July 2019	9,405,906	(89,353)	210,000	(521,651)	9,004,902
<b>Total comprehensive loss for the year</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(378,534)	(378,534)
Balance at 30 June 2020	9,405,906	(89,353)	210,000	(900,185)	8,626,368

## D. Consolidated interim statements of cash flows

		Group	
		Unaudited FY2021	Audited FY2020
	Note	S\$	S\$
<b>Operating activities</b>			
(Loss)/Profit before tax		(26,450)	2,291,483
Adjustments for:			
Interest income	5.1	(2,290)	(5,381)
Interest expense	5.1	141,619	90,990
Depreciation of plant and equipment	5.1	813,986	854,364
Gain on disposal of plant and equipment	5.1	(654)	-
Gain on modification of lease	5.1	(1,127)	-
Inventories written off	5.1	99	19,010
Impairment of plant and equipment	5.1	30,446	-
Allowance for inventory obsolescence	5.1	48,963	44,717
(Write-back of)/Allowance for doubtful debts (net)	5.1	(44,883)	115,427
Net foreign exchange loss/(gain)		26,312	(10,620)
Operating cash flows before working capital changes		986,021	3,399,990
Trade and other receivables		2,431,295	(2,570,820)
Inventories		(3,519,213)	500,940
Contract cost		(550,791)	76,298
Contract assets		716,585	(662,379)
Trade and other payables		(88,971)	(281,055)
Contract liabilities		236,971	(772,949)
Cash generated from/(used in) operations		211,897	(309,975)
Taxes paid		(94,873)	-
Interest received		20	4,715
<b>Net cash from/(used in) operating activities</b>		<b>117,044</b>	<b>(305,260)</b>
<b>Investing activities</b>			
Purchase of plant and equipment		(37,891)	(51,203)
Proceeds from disposal of plant and equipment		654	-
<b>Net cash used in investing activities</b>		<b>(37,237)</b>	<b>(51,203)</b>
<b>Financing activities</b>			
Interest paid		(142,125)	(90,980)
Proceeds from bank borrowings		4,500,000	500,000
Repayments of bank borrowings		(119,072)	-
Payments of lease liabilities		(46,765)	(18,151)
(Decrease)/Increase in trade financing facilities		(216,220)	216,220
Restricted cash pledged		(2,497)	(33,751)
<b>Net cash from financing activities</b>		<b>3,973,321</b>	<b>573,338</b>
Net increase in cash and cash equivalents		<b>4,053,128</b>	<b>216,875</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		(32,022)	8,447
Cash and cash equivalents at beginning of the year		2,595,621	2,370,299
<b>Cash and cash equivalents at end of the year</b>		<b>6,616,727</b>	<b>2,595,621</b>
Cash and cash equivalents in the Group's cash flow statements comprise the following:			
Cash at bank and on hand		6,616,727	2,595,621
Fixed deposit pledged		1,421,147	1,418,650
Restricted cash		113,932	113,932
Cash and cash equivalents at end of the year		<b>8,151,806</b>	<b>4,128,203</b>

## 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 and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited. These condensed consolidated financial statements as at and for the six months and year ended 30 June 2021 comprise the Company and its subsidiaries (collectively as 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 Group are:

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

### 2. Basis of Preparation

The condensed interim financial statements for the six months and year ended 30 June 2021 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 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 Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2020. The accounting policies adopted are consistent with those of the previous financial 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. The condensed financial statements are presented in Singapore dollar 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 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- *SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*

#### 2.2 Use of judgements and estimates

In preparing the condensed 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 year ended 30 June 2020.

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.

### **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 Kelvin Lim Ching Song who is responsible for allocating resources and assessing performance of the operating segments.



### 3.1 Reportable Segments

	Security solutions		Maintenance and leasing		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	3,619,408	13,617,123	5,072,584	5,707,261	8,691,992	19,324,384
Inter-segment revenue	16,478	1,094,367	221,848	126,350	238,326	1,220,717
Other income	-	42	-	-	-	42
Interest income	2,243	1,225	-	-	2,243	1,225
Interest expense	(37,143)	(89,470)	(562)	(50)	(37,705)	(89,520)
Depreciation	-	-	(578,028)	(590,896)	(578,028)	(590,896)
Write-back/(Allowance) for doubtful debts	45,056	(115,018)	(173)	(409)	44,883	(115,427)
Reportable segment profit before tax	<u>773,630</u>	<u>3,129,800</u>	<u>3,249,081</u>	<u>4,163,740</u>	<u>4,022,711</u>	<u>7,293,540</u>
Reportable segment assets	<u>9,102,025</u>	<u>7,220,765</u>	<u>1,339,878</u>	<u>3,018,098</u>	<u>10,441,903</u>	<u>10,238,863</u>
Reportable segment liabilities	<u>(2,947,229)</u>	<u>(2,538,721)</u>	<u>(395,727)</u>	<u>(390,367)</u>	<u>(3,342,956)</u>	<u>(2,929,088)</u>

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

	FY2021	FY2020
	S\$	S\$
<b>Revenues</b>		
Total revenue for reportable segments	8,930,318	20,545,101
Elimination of inter-segment revenue	<u>(238,326)</u>	<u>(1,220,717)</u>
Consolidated revenue	<u>8,691,992</u>	<u>19,324,384</u>
<b>Profit or loss</b>		
Total profit for reportable segments	4,022,711	7,293,540
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	917,840	363,059
- Administrative expenses	(4,798,629)	(5,335,534)
- Other expenses	(48,344)	(74,327)
- Net finance (costs)/income	<u>(120,028)</u>	<u>44,745</u>
Consolidated loss before tax	<u>(26,450)</u>	<u>2,291,483</u>
<b>Assets</b>		
Total assets for reportable segments	10,441,903	10,238,863
Unallocated amounts:		
- Plant and equipment	249,140	432,755
- Cash and cash equivalents	6,616,727	2,594,811
- Current tax assets	40,143	-
- Others	<u>273,869</u>	<u>132,508</u>
Consolidated total assets	<u>17,621,782</u>	<u>13,398,937</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	(3,342,955)	(2,929,088)
Unallocated amounts:		
- Bank borrowings	(4,880,928)	(500,000)
- Finance lease liabilities	(49,664)	(52,658)
- Other payables	(585,038)	(1,072,814)
- Deferred tax liabilities	(84,156)	(172,930)
- Income tax payable	-	(87,843)
Consolidated total liabilities	<u>(8,942,741)</u>	<u>(4,815,333)</u>

	Security solutions		Maintenance and leasing		Total	
	2H-2021	2H-2020	2H-2021	2H-2020	2H-2021	2H-2020
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	2,464,894	7,639,491	2,260,512	2,865,517	4,725,406	10,505,008
Inter-segment revenue	3,703	53,845	135,865	61,792	139,568	115,637
Other income	-	42	-	-	-	42
Interest income	960	736	-	-	960	736
Interest expense	(5,127)	(41,167)	(49)	(33)	(5,176)	(41,200)
Depreciation	-	-	(289,014)	(289,014)	(289,014)	(289,014)
Write-back on allowance for doubtful debts	43,104	9,705	-	64	43,104	9,769
Reportable segment profit before tax	<u>574,521</u>	<u>1,755,145</u>	<u>1,501,541</u>	<u>2,075,944</u>	<u>2,076,062</u>	<u>3,831,089</u>
Reportable segment assets	<u>9,102,025</u>	<u>7,220,765</u>	<u>1,339,878</u>	<u>3,018,098</u>	<u>10,441,903</u>	<u>10,238,863</u>
Reportable segment liabilities	<u>(2,947,229)</u>	<u>(2,538,721)</u>	<u>(395,727)</u>	<u>(390,367)</u>	<u>(3,342,956)</u>	<u>(2,929,088)</u>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items		
	2H-2021	2H-2020
	S\$	S\$
<b>Revenues</b>		
Total revenue for reportable segments	4,864,974	10,620,645
Elimination of inter-segment revenue	<u>(139,568)</u>	<u>(115,637)</u>
Consolidated revenue	<u>4,725,406</u>	<u>10,505,008</u>
<b>Profit or loss</b>		
Total profit for reportable segments	2,076,062	3,831,089
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	424,777	334,031
- Administrative expenses	(2,357,846)	(2,685,396)
- Other expenses	(34,231)	(8,169)
- Net finance costs	<u>(13,699)</u>	<u>(11,602)</u>
Consolidated loss before tax	<u>95,063</u>	<u>1,459,953</u>
<b>Assets</b>		
Total assets for reportable segments	10,441,903	10,238,863
Unallocated amounts:		
- Plant and equipment	249,140	432,755
- Cash and cash equivalents	6,616,727	2,594,811
- Current tax assets	40,143	-
- Others	<u>273,869</u>	<u>132,508</u>
Consolidated total assets	<u>17,621,782</u>	<u>13,398,937</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	(3,342,955)	(2,929,088)
Unallocated amounts:		
- Bank borrowings	(4,880,928)	(500,000)
- Finance lease liabilities	(49,664)	(52,658)
- Other payables	(585,038)	(1,072,814)
- Deferred tax liabilities	(84,156)	(172,930)
- Income tax payable	-	(87,843)
Consolidated total liabilities	<u>(8,942,741)</u>	<u>(4,815,333)</u>

### 3.2 Disaggregation of Revenue

	Security solutions		Maintenance and leasing		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Geographical markets</b>					-	-
Singapore	3,373,862	11,278,002	3,809,955	5,118,329	7,183,817	16,396,331
Indochina <sup>(1)</sup>	53,512	123,973	-	69,550	53,512	193,523
Rest of Southeast Asia <sup>(2)</sup>	1,769	1,735,170	1,262,629	519,382	1,264,398	2,254,552
East Asia <sup>(3)</sup>	179,420	472,925	-	-	179,420	472,925
Other Countries <sup>(4)</sup>	10,845	7,053	-	-	10,845	7,053
<b>Total</b>	<b>3,619,408</b>	<b>13,617,123</b>	<b>5,072,584</b>	<b>5,707,261</b>	<b>8,691,992</b>	<b>19,324,384</b>
<b>Major product/ service lines</b>						
Sales of goods	3,619,408	13,617,123	-	-	3,619,408	13,617,123
Maintenance and leasing services	-	-	5,072,584	5,707,261	5,072,584	5,707,261
	<b>3,619,408</b>	<b>13,617,123</b>	<b>5,072,584</b>	<b>5,707,261</b>	<b>8,691,992</b>	<b>19,324,384</b>
<b>Timing of revenue recognition</b>					-	-
At a point in time	3,619,408	13,617,123	-	-	3,619,408	13,617,123
Over time	-	-	5,072,584	5,707,261	5,072,584	5,707,261
	<b>3,619,408</b>	<b>13,617,123</b>	<b>5,072,584</b>	<b>5,707,261</b>	<b>8,691,992</b>	<b>19,324,384</b>

	Security solutions		Maintenance and leasing		Total	
	2H-2021	2H-2020	2H-2021	2H-2020	2H-2021	2H-2020
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Geographical markets</b>					-	-
Singapore	2,438,154	7,457,480	1,620,298	2,585,769	4,058,452	10,043,249
Indochina <sup>(1)</sup>	-	-	-	-	-	-
Rest of Southeast Asia <sup>(2)</sup>	1,298	2,492,000	640,214	279,749	641,512	282,241
East Asia <sup>(3)</sup>	24,017	179,518	-	-	24,017	179,518
Other Countries <sup>(4)</sup>	1,425	-	-	-	1,425	-
<b>Total</b>	<b>2,464,894</b>	<b>7,639,490</b>	<b>2,260,512</b>	<b>2,865,518</b>	<b>4,725,406</b>	<b>10,505,008</b>
<b>Major product/ service lines</b>						
Sales of goods	2,464,894	7,639,490	-	-	2,464,894	7,639,490
Maintenance and leasing services	-	-	2,260,512	2,865,518	2,260,512	2,865,518
	<b>2,464,894</b>	<b>7,639,490</b>	<b>2,260,512</b>	<b>2,865,518</b>	<b>4,725,406</b>	<b>10,505,008</b>
<b>Timing of revenue recognition</b>					-	-
At a point in time	2,464,894	7,639,490	-	-	2,464,894	7,639,490
Over time	-	-	2,260,512	2,865,518	2,260,512	2,865,518
	<b>2,464,894</b>	<b>7,639,490</b>	<b>2,260,512</b>	<b>2,865,518</b>	<b>4,725,406</b>	<b>10,505,008</b>

#### 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, Hong Kong, South Korea and Japan.

(4) "Other countries" includes Australia, United States Of America and India

A breakdown of sales:

	Group		
	FY2021	FY2020	% change
	S\$	S\$	
Revenue - First Half Year	3,966,586	8,819,376	(55.0)
Revenue - Second Half Year	4,725,406	10,505,008	(55.0)
Revenue - Total	<u>8,691,992</u>	<u>19,324,384</u>	(55.0)
(Loss)/Profit after tax - First Half Year	(102,171)	768,310	(113.3)
Profit after tax - Second Half year	197,608	1,268,274	(84.4)
Profit after tax - Total	<u>95,437</u>	<u>2,036,584</u>	(95.3)

#### 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 2021 and 30 June 2020:

	Carrying amount			Fair value S\$
	Amortised cost S\$	Other financial liabilities S\$	Total carrying amount S\$	
<b>Group</b>				
<b>30 June 2021</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables ^	2,652,177	-	2,652,177	
Cash and cash equivalents	8,151,806	-	8,151,806	
	<u>10,803,983</u>	-	<u>10,803,983</u>	
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables *	-	1,971,432	1,971,432	
Bank borrowings	-	4,880,928	4,880,928	4,828,482
	-	<u>6,852,360</u>	<u>6,852,360</u>	
<b>30 June 2020</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables ^	4,888,905	-	4,888,905	
Cash and cash equivalents	4,128,203	-	4,128,203	
	<u>9,017,108</u>	-	<u>9,017,108</u>	
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	-	2,381,367	2,381,367	
Bank borrowings	-	500,000	500,000	494,707
	-	<u>2,881,367</u>	<u>2,881,367</u>	

^ Excludes prepayments.

\* Exclude deferred grant income

## 5. Profit before taxation

### 5.1 Significant items

	The Group			
	Unaudited 2H-2021 S\$	Unaudited 2H-2020 S\$	Unaudited FY2021 S\$	Audited FY2020 S\$
<b>Income</b>				
Miscellaneous income	856	1,965	2,888	14,150
Bad debts recovered	-	-	-	10,165
Write-back of allowance for doubtful debts	43,104	9,769	44,883	-
Gain on disposal of plant and equipment	-	-	654	-
Gain on modification of lease	1,127	-	1,127	-
Government grant and subsidies	422,794	332,108	913,171	338,786
Other income	467,881	343,842	962,723	363,101
Foreign exchange gain (net)	49,340	-	-	42,059
Interest income	993	1,828	2,290	5,381
Finance income	50,333	1,828	2,290	47,440
<b>Expenses</b>				
Depreciation of plant and equipment	(399,553)	(424,420)	(813,986)	(854,364)
Impairment of plant and equipment	(30,446)	-	(30,446)	-
Inventories written off	(99)	(5,528)	(99)	(19,010)
Rental expense	(116,087)	(107,760)	(219,039)	(219,552)
Allowance for doubtful debts (net)	-	-	-	(115,427)
Allowance for inventories obsolescence	(25,404)	(35,146)	(48,963)	(44,717)
Over provision of income tax in respect of prior year	40,085	-	40,085	-
Interest expense	(68,248)	(44,626)	(141,619)	(90,990)
Foreign exchange loss (net)	-	(9,268)	(16,161)	-
Finance costs	(68,248)	(53,894)	(157,780)	(90,990)

### 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 FY2021 S\$	Audited FY2020 S\$
<b>Related parties which a director has controlling interest</b>		
Sales	(4,361)	(17,453)
Purchases	750	-
Accounting and administrative services	77,994	77,586
Rental expenses	208,379	211,713
Recharge of expenses	2,375	9,320

## 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-2021 S\$	Unaudited 2H-2020 S\$	Unaudited FY2021 S\$	Audited FY2020 S\$
<b>Current tax (credit)/expense</b>				
Current period/year	(21,493)	87,843	6,972	87,843
Changes in estimates in respect of prior years	(40,085)	-	(40,085)	-
	<u>(61,578)</u>	<u>87,843</u>	<u>(33,113)</u>	<u>87,843</u>
<b>Deferred tax (credit)/expense</b>				
Origination and reversal of temporary differences	(40,967)	103,836	(88,774)	167,056
	<u>(102,545)</u>	<u>191,679</u>	<u>(121,887)</u>	<u>254,899</u>
<b>Reconciliation of effective tax rate</b>				
Profit/(Loss) before tax	<u>95,063</u>	<u>1,459,953</u>	<u>(26,450)</u>	<u>2,291,483</u>
Tax using the Singapore tax rate of 17%	16,160	248,192	(4,497)	389,552
Effect of tax rates in foreign jurisdiction	(158)	(102)	(606)	95
Non-deductible expenses	23,901	71,576	48,723	117,833
Non-taxable income	(64,176)	(1,658)	(118,800)	(7,347)
Tax exempt income	-	(52,036)	(7,222)	(33,591)
Utilisation of previously unrecognised tax losses	(38,187)	(74,293)	-	(211,643)
Tax losses for which deferred tax assets were not recognised	-	-	-	-
Over provision in respect of prior years, net	(40,085)	-	(40,085)	-
Others	-	-	600	-
	<u>(102,545)</u>	<u>191,679</u>	<u>(121,887)</u>	<u>254,899</u>

## 7. Net Asset Value

	Group		Company	
	Unaudited As at 30.06.2021	Audited As at 30.06.2020	Unaudited As at 30.06.2021	Audited As at 30.06.2020
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	<u>1.8</u>	<u>1.8</u>	<u>1.5</u>	<u>1.8</u>

## 8. Trade and other receivables

	Group		Company	
	Unaudited 2021 S\$	Audited 2020 S\$	Unaudited 2021 S\$	Audited FY2020 S\$
Trade receivables	2,345,444	9,050,397	-	-
Impairment loss on trade receivables	(213,666)	(4,563,644)	-	-
	<u>2,131,778</u>	<u>4,486,753</u>	-	-
Other receivables	42,632	4,736	-	-
Amounts due from subsidiaries (non-trade)	-	-	2,204,558	2,126,952
Deposits	477,767	397,416	41,065	38,055
	<u>2,652,177</u>	<u>4,888,905</u>	<u>2,245,623</u>	<u>2,165,007</u>
Prepayments	113,121	260,008	8,505	8,505
	<u><b>2,765,298</b></u>	<u><b>5,148,913</b></u>	<u><b>2,254,128</b></u>	<u><b>2,173,512</b></u>

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

## 9. Inventories

	Group	
	Unaudited FY2021 S\$	Audited FY2020 S\$
Inventories, net of allowance for inventories obsolescence	<u>5,098,689</u>	<u>1,628,538</u>

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

At 1 July	142,900	98,183
Allowance during the year	48,963	44,717
At 30 June	<u>191,863</u>	<u>142,900</u>

During the year, inventories of \$4,011,105 (FY2020: \$10,895,764) were recognised as an expense and included in "cost of sales".

## 10. Investment in subsidiaries

	Company	
	Unaudited FY2021 S\$	Audited FY2020 S\$
Unquoted equity shares, at cost	5,344,199	5,344,199
Provision for impairment	(1,344,160)	-
	<u>4,000,039</u>	<u>5,344,199</u>

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

At 1 July	-	-
Charge to profit and loss	1,344,160	-
At 30 June	<u>1,344,160</u>	<u>-</u>

Impairment loss of \$1,344,160 (2020: Nil) was made arising from the impairment exercise performed at year end. Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets.



## 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	Construction-in-progress S\$	Total S\$
<b>Cost</b>							
At 1 July 2019	582,122	749,729	58,865	448,646	5,528,270	-	7,367,632
Additions	25,802	-	-	12,921	-	12,480	51,203
Transfers	-	-	8,559	-	-	-	8,559
At 30 June 2020	607,924	749,729	67,424	461,567	5,528,270	12,480	7,427,394
Additions	86,272	-	-	-	-	3,600	89,872
Disposals	(83,537)	-	-	(51,383)	(1,367,498)	-	(1,502,418)
At 30 June 2021	610,659	749,729	67,424	410,184	4,160,772	16,080	6,014,848
<b>Accumulated depreciation and impairment losses</b>							
At 1 July 2019	464,458	436,241	53,752	248,450	3,980,046	-	5,182,947
Depreciation for the year	61,888	149,677	12,018	39,885	590,896	-	854,364
At 30 June 2020	526,346	585,918	65,770	288,335	4,570,942	-	6,037,311
Depreciation for the year	62,480	135,900	766	36,812	578,028	-	813,986
Impairment loss	19,951	457	13	1,985	-	8,040	30,446
Disposals	(76,454)	-	-	(51,383)	(1,367,498)	-	(1,495,335)
At 30 June 2021	532,323	722,275	66,549	275,749	3,781,472	8,040	5,386,408
<b>Carrying amounts</b>							
At 1 July 2019	117,664	313,488	5,113	200,196	1,548,224	-	2,184,685
At 30 June 2020	81,578	163,811	1,654	173,232	957,328	12,480	1,390,083
At 30 June 2021	78,336	27,454	875	134,435	379,300	8,040	628,440

During the year ended 30 June 2021, the Group acquired assets amounting to \$89,872 (30 June 2020: \$51,203) and disposed of assets amounting to \$1,502,418 (30 June 2020: \$Nil). The assets acquired includes right-of-use assets of \$51,981 (30 June 2020: Nil) which are under lease arrangements.

During the year, the Group disposed office equipment, acquired under lease agreement, at carrying amount of \$7,083. This was offset by early termination of the lease with undue balance of \$8,210, resulting in gain on modification of lease of \$1,127.

## Valuation of plant and equipment

In 2021, management assessed that there were indicators of impairment on the plant and equipment in the Securex GS CGU given the unit's operating profits being lower than originally budgeted and uncertain economic conditions. Consequently, management carried out an assessment of the recoverable amount of the plant and equipment, and an impairment loss of \$30,446 (2020: nil) was recognised during the year.

The recoverable amount of the plant and equipment was estimated based on the higher of fair value less costs of disposal and the present value of the future cash flows expected to be derived by the CGU (i.e. value in use). Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The key assumptions applied in the computation of value in use include:

	<b>Securex GS CGU S\$</b>
<b>2021</b>	
<b>Group</b>	
5 years compounded revenue growth rate	1.0%
Average earnings before interest, taxes, depreciation and amortisation margin	6.0%
Pre-tax discount rate	<u>12.8</u>

## 12. Trade and other payables

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 2021 S\$</b>	<b>Audited 2020 S\$</b>	<b>Unaudited 2021 S\$</b>	<b>Audited FY2020 S\$</b>
Trade payables	1,381,262	951,392	-	-
Bills payable	-	216,220	-	-
Other payables	77,230	282,897	21,265	25,466
Amounts due to:				
– Subsidiary (non-trade)	-	-	2,101	1,000
– Related parties (non-trade)	26,739	48,258	26,220	47,830
Accruals	486,201	882,600	160,234	350,074
	<u>1,971,432</u>	<u>2,381,367</u>	<u>209,820</u>	<u>424,370</u>
Deposit received	-	-	-	-
Deferred income	99,055	-	37,800	37,800
	<u><b>2,070,487</b></u>	<u><b>2,381,367</b></u>	<u><b>247,620</b></u>	<u><b>462,170</b></u>

## 13. Loans and borrowings

	<b>Group</b>			
	<b>FY2021</b>		<b>FY2020</b>	
	<b>Secured S\$</b>	<b>Unsecured S\$</b>	<b>Secured S\$</b>	<b>Unsecured S\$</b>
<b><u>Amount repayable in one year or less, or on demand</u></b>				
Bank borrowings	1,044,805	-	23,545	-
Lease liabilities	9,547	-	18,151	-
	<u>1,054,352</u>	<u>-</u>	<u>41,696</u>	<u>-</u>
<b><u>Amount repayable after one year</u></b>				
Bank borrowings	3,836,123	-	476,455	-
Lease liabilities	40,117	-	34,507	-
	<u>3,876,240</u>	<u>-</u>	<u>510,962</u>	<u>-</u>
	<u><b>4,930,592</b></u>	<u><b>-</b></u>	<u><b>552,658</b></u>	<u><b>-</b></u>

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**

	<b>FY2021</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2020</b>
	<b>Number of ordinary shares</b>		<b>S\$</b>	<b>S\$</b>
<b>Issued and fully paid ordinary shares, with no par value:</b>				
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 2021 and 30 June 2020. The number of shares held as treasury shares as at 30 June 2021 and 30 June 2020 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 2021 and 30 June 2020 is 0.24%

## F. Other Information Required by Listing Rule Appendix 7.2

### 1. Review

The condensed consolidated statement of financial position of IPS Securex Holdings Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 decreased by approximately S\$5.8 million or 55.0% from S\$10.5 million in 2H-2020 to S\$4.7 million in 2H-2021; and decreased by approximately S\$10.6 million or 55.0% from S\$19.3 million in FY2020 to S\$8.7 million in FY2021.

#### Security Solutions Business: 2H-2021

Revenue from the Security Solutions Business decreased by approximately S\$5.2 million or 67.7% from S\$7.6 million in 2H-2020 to S\$2.5 million in 2H-2021. This was mainly attributable to a (i) decrease in revenue from the sale of security products to customers in East Asia<sup>(3)</sup> of S\$156,000; partially offset by an increase from the sale of security products to customers in Singapore of S\$35,000, in Others<sup>(4)</sup> of S\$1,000 and (ii) a decrease in revenue from providing integrated security solutions in Singapore of S\$5.1 million due to a delay in receiving required government approvals.

#### Security Solutions Business: FY2021

Revenue from the Security Solutions Business decreased by approximately S\$10.0 million or 73.4% from S\$13.6 million in FY2020 to S\$3.6 million in FY2021. This was mainly attributable to (i) a decrease in revenue in FY2021 from the sale of security products to customers in Indochina<sup>(1)</sup> of S\$70,000, in Rest of Southeast Asia<sup>(2)</sup> of S\$156,000, in East Asia<sup>(3)</sup> of S\$294,000, in Singapore of S\$98,000; and partially offset by an increase from the sale of security products to customers in Others<sup>(4)</sup> of S\$4,000; and (ii) a decrease in revenue from providing integrated security solutions in Singapore of S\$7.8 million due mainly to a delay in receiving required government approvals, and in the Rest of Southeast Asia<sup>(2)</sup> of S\$1.6 million.

#### Maintenance and Leasing Business: 2H-2021

Revenue from the Maintenance and Leasing Business decreased by approximately S\$605,000 or 21.1% from S\$2.9 million in 2H-2020 to S\$2.3 million in 2H-2021. 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 a customer in Singapore due to the decommissioning of an existing system of S\$860,000, and partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia<sup>(2)</sup> of S\$360,000.

#### Maintenance and Leasing Business: FY2021

Revenue from the Maintenance and Leasing Business decreased by approximately S\$635,000 or 11.1% from S\$5.7 million in FY2020 to S\$5.1 million in FY2021. 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\$274,000, a decrease in revenue from the provision of maintenance support services to a customer in Singapore due to partial completion of maintenance contract of S\$1.0 million, the non-renewal of maintenance contract with a customer in Indochina<sup>(1)</sup> of S\$70,000, and partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia<sup>(2)</sup> of S\$743,000.

**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, Hong Kong, South Korea and Japan.

(4) "Other countries" includes Australia, United States Of America and India.

**Cost of sales**

Cost of sales decreased by approximately S\$3.9 million or 60.0% from S\$6.6 million in 2H-2020 to S\$2.6 million in 2H-2021 and decreased by approximately S\$7.2 million or 61.3% from S\$11.8 million in FY2020 to S\$4.6 million in FY2021. This was mainly due to the net decrease in direct material costs incurred due to the decline in the Group's turnover.

**Gross profit**

Gross profit decreased by approximately S\$1.8 million or 46.7% from S\$3.9 million in 2H-2020 to S\$2.1 million in 2H-2021 and decreased by approximately S\$3.4 million or 45.3% from S\$7.6 million in FY2020 to S\$4.1 million in FY2021 as a result of the factors discussed above.

**Other income**

Other income increased by approximately S\$124,000 or 36.1% from S\$344,000 in 2H-2020 to S\$468,000 in 2H-2021. This was mainly due to the increase in government grants and subsidies of S\$91,000, and an increase in write-back of allowance for doubtful debts of S\$33,000.

Other income increased by approximately S\$600,000 or 165.1% from S\$363,000 in FY2020 to S\$963,000 in FY2021. This was mainly due to the increase in government grants and subsidies of S\$574,000, an increase in write-back of allowance for doubtful debts of S\$45,000, and partially offset by the decrease in bad debts recovered of S\$10,000, and a decrease in miscellaneous income of S\$11,000.

**Administrative expenses**

Administrative expenses decreased by approximately S\$328,000 or 12.1% from S\$2.7 million in 2H-2020 to S\$2.4 million in 2H-2021. This was mainly due to the decrease in employees' remuneration and benefit expenses of S\$319,000 primarily, as no profit sharing or staff bonuses were accrued, a decrease in distribution and marketing expenses of S\$6,000 and decrease in office related expenses of S\$3,000.

Administrative expenses decreased by approximately S\$528,000 or 9.8% from S\$5.4 million in FY2020 to S\$4.9 million in FY2021. This was mainly due to the decrease in employees' remuneration and benefit expenses of S\$464,000 primarily as no profit sharing or staff bonuses were accrued; a decrease in distribution and marketing expenses of S\$45,000 and decrease in office related expenses of S\$19,000.

**Other operating expenses**

Other operating expenses increased by approximately S\$15,000 or 32.7% from S\$45,000 in 2H-2020 to S\$60,000 in 2H-2021. This was mainly due to an impairment of plant and equipment of S\$30,000; partially offset by a decrease in inventories written off of S\$5,000 and a decrease in allowance for inventories obsolescence of S\$10,000.

Other operating expenses decreased by approximately S\$94,000 or 49.2% from S\$191,000 in FY2020 to S\$97,000 in FY2021. This was mainly due to the absence of allowance for doubtful debts of S\$115,000 provided in FY2020 and a decrease in inventory written off of S\$19,000, and partially offset by an increase in allowance for inventories obsolescence of S\$4,000, bank charges of S\$5,000 and an impairment of plant and equipment of S\$30,000.

## **Finance income**

Finance income increased by approximately S\$49,000 or 2,653.4% from S\$2,000 in 2H-2020 to S\$50,000 in 2H-2021. This was mainly due to an increase in net foreign exchange gain of S\$49,000 arising from the settlement of trade payables denominated in United States dollar attributable to the depreciation of the United States dollar which occurred in 2H-2021 against the Singapore dollar.

Finance income decreased by approximately S\$45,000 or 95.2% from S\$47,000 in FY2020 to S\$2,000 in FY2021. This was mainly due to the foreign exchange loss arising from a negative movement in foreign exchange rates in 1H-2021 and a decrease in interest earned of S\$3,000.

## **Finance costs**

Finance costs increased by approximately S\$14,000 or 26.6% from S\$54,000 in 2H-2020 to S\$68,000 in 2H-2021. This was mainly due to the net increase in interest expense of S\$23,000 incurred on higher utilisation of credit facilities; and partially offset by a decrease in foreign exchange loss (net) of S\$9,000 due to a positive movement in foreign exchange rates.

Finance costs increased by approximately S\$67,000 or 73.4% from S\$91,000 in FY2020 to S\$158,000 in FY2021. This was mainly due to the net increase in interest expense of S\$51,000 incurred on higher utilisation of credit facilities; and an increase in foreign exchange loss (net) of S\$16,000 due to a negative movement in foreign exchange rates.

## **Tax credit/(expense)**

Tax expense decreased by approximately S\$294,000 from a tax expense of S\$192,000 in 2H-2020 to a tax credit of \$102,000 in 2H-2021 and decreased by approximately S\$377,000 from a tax expense of S\$255,000 in FY2020 to a tax credit of \$122,000 in FY2021. The decrease in tax expense was attributable to a lower profit before tax recorded in 2H-2021 and loss before tax in FY2021. In addition, the Group recorded a tax write back of \$40,000 due to the reversal of over provisions made in respect of FY2020.

## **Review of the Group's financial position**

### **Current assets**

Current assets increased by approximately S\$5.0 million from S\$12.0 million as at 30 June 2020 to S\$17.0 million as at 30 June 2021. The increase in current assets was mainly due to:

- (i) an increase in cash and cash equivalents of S\$4.0 million;
- (ii) an increase in inventories of S\$3.5 million arising from an increase in the purchase of parts and components;
- (iii) an increase in contract costs of S\$551,000 mainly attributable to an increase in costs incurred to fulfil the Group's obligations under contracts where it had yet to transfer the goods and services to its customers;
- (iv) an increase in current tax assets of S\$40,000 arising from the reversal of over-provision of tax expenses made in respect of prior year,

partially offset by:

- (v) a net decrease in trade and other receivables of S\$2.4 million mainly due to receipt of payment from customers of S\$2.4 million; and
- (vi) a decrease in contract assets of S\$717,000 mainly due to an increase in billing upon the completion of projects.

## **Non-current assets**

Non-current assets decreased by approximately S\$762,000 from S\$1.4 million as at 30 June 2020 to S\$636,000 as at 30 June 2021. The decrease in non-current assets was due to an impairment of plant and equipment of S\$30,000, depreciation charges of S\$814,000, disposal of plant and equipment of S\$7,000; and partially offset by the purchase of plant and equipment of S\$90,000.

## **Current liabilities**

Current liabilities increased by approximately S\$851,000 from S\$4.1 million as at 30 June 2020 to S\$5.0 million as at 30 June 2021. The increase in current liabilities was mainly due to:

- (i) an increase in contract liabilities of S\$237,000 due to advanced consideration received from customers in Singapore in relation to the provision of integrated security solutions;
- (ii) an increase in bank borrowings of S\$1.0 million mainly arising from the loan secured by the Group which had been utilised for general corporate purposes;

partially offset by:

- (iii) a decrease in income tax payable of S\$88,000 due to a current tax recoverable recorded by the Group in FY2021 arising from the reversal of over provisions made in respect of FY2020; and
- (iv) payment of lease liabilities of S\$9,000; and
- (v) a decrease in trade and other payables of S\$311,000 mainly attributable to a decrease in trade financing facilities of S\$216,000, decrease in accrual of operating expenses of S\$525,000, and partially offset by an increase in amount payable to suppliers of S\$430,000.

## **Non-current liabilities**

Non-current liabilities increased by approximately S\$3.3 million from S\$684,000 as at 30 June 2020 to S\$4.0 million as at 30 June 2021. This was due to an increase in bank borrowings of S\$3.4 million arising from the loan secured by the Group for general corporate purposes, an increase in lease liabilities of S\$6,000; and partially offset by a decrease in deferred tax liabilities of S\$89,000 due to the timing differences between the tax and accounting depreciation of the plant and equipment that the Group owns.

## **Capital and reserves**

Capital and reserves increased by approximately S\$95,000 from S\$8.6 million as at 30 June 2020 to S\$8.7 million as at 30 June 2021. This was due to net profit recognised in FY2021 of S\$95,000.

## **Review of the Group's cashflows**

### **Net cash from operating activities**

In FY2021, the net cash from operating activities was approximately S\$117,000, which consisted of operating cashflow before working capital changes of S\$986,000, net working capital outflow of S\$774,000 and income tax payment of S\$95,000.

The net working capital outflow arose mainly from the following:

- (i) a net decrease in trade and other receivables of S\$2.4 million mainly due to receipt of payment from customers of S\$2.4 million; and write back of allowance for doubtful debts of S\$45,000;
- (ii) an increase in inventories of S\$3.5 million arising from an increase in the purchase of parts and components;

- (iii) an increase in contract costs of S\$551,000 mainly attributable to an increase in costs incurred to fulfil the Group's obligations under contracts where it had yet to transfer the goods and services to its customers;
- (iv) a decrease in contract assets of S\$717,000 mainly due to an increase in billing upon the completion of projects;
- (vi) a decrease in trade and other payables of S\$89,000 mainly attributable to a decrease in accrual of operating expenses of S\$525,000, and partially offset by an increase in amount payable to suppliers of S\$430,000; and
- (vii) an increase in contract liabilities of S\$237,000 due to advanced 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\$37,000 in FY2021 mainly arising from the purchase of plant and equipment.

### **Net cash from financing activities**

Net cash from financing activities amounted to approximately S\$4.0 million in FY2021. This was mainly due to the net proceeds from bank borrowings for general corporate purposes of S\$4.4 million, and partially offset by a decrease in trade financing facilities of S\$216,000, payment of lease liabilities of S\$47,000 and interest expense of S\$142,000.

### **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 ongoing COVID-19 pandemic continues to be an unprecedented challenge for all levels of government worldwide and have caused them to reconsider their multi-level governance systems and reassess regional development priorities.<sup>1</sup> It is therefore understandable that many governments will be re-allocating their budgets for higher priority COVID-19 related spending, which may lead to some delays and cutbacks in previously planned projects in other sectors, like defence and security.

Notwithstanding, as governments deal with the COVID-19 pandemic and its economic and social impact, security still remains an important priority, as the pandemic has exposed certain vulnerabilities and caused more political and social unrests with an increase in the number of protests against governmental lockdowns and policies to deal with COVID-19.<sup>2</sup>

Singapore itself has also had to adjust its COVID-19 rules and regulations under its phased measures to deal with the evolving nature of the pandemic and the emergence of new COVID-19 clusters. These adjustments to the rules and regulations are likely to continue and change from time to time. Hence, it is expected that these changes, including the differentiation between vaccinated and non-vaccinated individuals, as well as any restrictions on the inflow of foreign labour from certain countries which are

<sup>1</sup> <https://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-and-recovery-across-levels-of-government-a2c6abaf/>

<sup>2</sup> <https://www.channelnewsasia.com/news/asia/malaysia-anti-government-protests-covid-19-curb-muhyiddin-yassin-15346986;>  
<https://www.channelnewsasia.com/news/world/protesters-clash-police-thousands-march-covid-19-lockdown-15285896;>  
<https://www.garda.com/crisis24/news-alerts/504461/indonesia-further-protests-against-extension-of-covid-19-restrictions-likely-nationwide-through-late-july>



deemed to have a higher risk of COVID-19 transmission, amongst other COVID-19 safe distancing and safety measures, will continue to impact on work processes and have an effect on manpower allocation for ongoing projects. Travel restrictions have also affected the Group's engagement with overseas customers and suppliers. While delays in project timelines and an increase in the cost of purchases caused by supply disruptions due to the COVID-19 pandemic have affected the Group financially, the Group has taken the appropriate measures to work with its suppliers to minimise any supply disruptions, and speed up delayed project schedules where possible. The Group will also continue to adhere to the government's measures so that its staff can continue to attend to their work commitments safely and ensure that business operations function with little or no disruption. In particular, the Group has been encouraging all its staff to be vaccinated as a necessary precaution. To date, approximately 95% of its staff has been vaccinated.

As countries slowly move towards a 'new normal' with regard to social and economic activities, the Group is seeing tenders gradually resuming for projects previously put on hold, as well as new project discussions. The infrastructure spending of Asian governments, including the Singapore government's decision to issue up to \$90 billion worth of bonds to finance long term infrastructure projects,<sup>3</sup> will also present potential opportunities for the Group's Security Solutions Business. The Group will continue to engage its customers in discussions to understand their evolving needs, so as to provide them with the latest security products and solutions which are supported by quality maintenance services.

## 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 FY2021 in light of the need to conserve cash due to the uncertain economy caused by the coronavirus disease-19 pandemic which is still rapidly evolving and surging in many parts of the world

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<sup>3</sup> <https://www.straitstimes.com/singapore/politics/budget-2021-11-billion-set-aside-to-fight-covid-19-24-billion-to-help-singapore>

## 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)			
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense) by:-</u>	2H-2021 S\$	2H-2020 S\$	FY2021 S\$	FY2020 S\$
IPS Realty Pte Ltd	(108,000)	(103,713)	(208,379)	(211,713)
IPS Group Pte. Ltd.	(39,030)	(38,964)	(77,994)	(77,586)

## 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(13) of the Listing Manual, 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  
26 August 2021