



IPS SECUREX HOLDINGS LIMITED
(Company Registration No.:201327639H)
(Incorporated in the Republic of Singapore)

Financial Statements And Dividend Announcement For The Half Year Ended 31 December 2015

This announcement has been prepared by IPS Securex Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") and its contents have been reviewed by the Company's Sponsor, United Overseas Bank Limited (the "Sponsor") for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		
	Unaudited 1H2016 ⁽¹⁾ S\$	Unaudited 1H2015 ⁽²⁾ S\$	Increase/ (Decrease) % change
Revenue	6,963,162	5,777,286	20.5
Cost of sales	(3,605,719)	(2,913,604)	23.8
Gross profit	3,357,443	2,863,682	17.2
Other operating income	194,519	295,691	(34.2)
Administrative expenses	(2,404,492)	(2,089,438)	15.1
Other operating expenses	(18,181)	(14,522)	25.2
Finance costs	(20,027)	(12,459)	60.7
Profit before income tax	1,109,262	1,042,954	6.4
Income tax expense	(107,530)	(132,426)	(18.8)
Profit for the period, representing total comprehensive income for the period	1,001,732	910,528	10.0

⁽¹⁾ "1H2016" refers to the half year ended 31 December 2015.

⁽²⁾ "1H2015" refers to the half year ended 31 December 2014.

The net profit attributable to shareholders of the Company includes the following (charges)/credits:

	Group		
	Unaudited 1H2016 S\$	Unaudited 1H2015 S\$	Increase/ (Decrease) % change
After charging:			
Depreciation of plant and equipment	(432,815)	(189,031)	129.0
Finance costs	(20,027)	(12,459)	60.7
Inventories written off	-	(126)	NM
Under provision of income tax in respect of prior year	(109)	-	NM
and crediting:			
Foreign exchange gain	66,124	144,511	(54.2)
Reversal of allowance for inventories obsolescence	-	98,887	NM
Interest income	3,878	754	414.3
Government grants and subsidies	19,059	21,111	(9.7)

NM denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited As at 31.12.2015 S\$	Audited As at 30.06.2015 S\$	Unaudited As at 31.12.2015 S\$	Audited As at 30.06.2015 S\$
ASSETS				
Current assets				
Cash and cash equivalents	2,318,245	4,768,941	1,509,633	2,479,364
Trade receivables	10,981,142	8,054,844	-	-
Other receivables	1,080,940	516,276	1,105,798	2,187,541
Loan to subsidiary corporation	-	-	4,543,461	4,149,654
Inventories	289,981	675,721	-	-
Total current assets	14,670,308	14,015,782	7,158,892	8,816,559
Non-current assets				
Investment in subsidiary corporations	-	-	3,000,199	3,000,199
Plant and equipment	4,399,170	4,803,771	-	-
Long term trade receivables	1,340,342	1,340,342	-	-
	5,739,512	6,144,113	3,000,199	3,000,199
Total assets	20,409,820	20,159,895	10,159,091	11,816,758
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	6,074,564	5,409,799	-	-
Other payables	1,345,618	1,238,660	281,138	506,017
Finance lease	213,693	211,027	-	-
Borrowings	500,000	800,000	-	-
Income tax payable	149,439	92,509	-	-
Total current liabilities	8,283,314	7,751,995	281,138	506,017
Non-current liabilities				
Finance lease	182,201	289,716	-	-
Deferred tax liability	353,915	314,526	-	-
	536,116	604,242	-	-
Capital and reserves				
Share capital	9,405,906	9,405,906	9,405,906	9,405,906
Capital reserves	(589,999)	(589,999)	210,000	210,000
Accumulated profit	2,774,483	2,987,751	262,047	1,694,835
	11,590,390	11,803,658	9,877,953	11,310,741
Total liabilities and equity	20,409,820	20,159,895	10,159,091	11,816,758

- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Group	As at			
	31.12.2015		30.06.2015	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	713,693	-	1,011,027	-
Amount repayable after one year	182,201	-	289,716	-
	895,894	-	1,300,743	-

Details of the collaterals:

The Group's borrowings are secured by corporate guarantees provided by IPS Securex Holdings Limited. The Group's finance leases are secured by the respective plant and equipment under the leases.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Unaudited 1H2016 S\$	Unaudited 1H2015 S\$
Operating activities		
Profit before income tax	1,109,262	1,042,954
Adjustments for:		
Interest income	(3,878)	(754)
Finance costs	20,027	12,459
Depreciation of plant and equipment	432,815	189,031
Inventories written off	-	126
Reversal of allowance for inventories obsolescence	-	(98,887)
Net foreign exchange loss	45,305	67,856
Operating cash flows before working capital changes	1,603,531	1,212,785
Trade receivables	(2,926,298)	1,693,828
Other receivables	(565,964)	(393,704)
Inventories	405,311	97,760
Trade payables	664,765	(510,994)
Other payables	108,059	(474,210)
Cash (used in)/ generated from operations	(710,596)	1,625,465
Income tax paid	(11,211)	(185,294)
Interest received	5,178	426
Net cash (used in)/from operating activities	(716,629)	1,440,597
Investing activities		
Purchase of plant and equipment ⁽¹⁾	(47,785)	(2,016,177)
Net cash used in investing activities	(47,785)	(2,016,177)
Financing activities		
Proceeds from issuance of shares, net of issuance costs	-	2,517,741
Dividends paid	(1,215,000)	-
Interests paid	(21,128)	(11,358)
Proceeds from bank borrowings	-	600,000
Repayments of bank borrowings	(300,000)	-
Repayments of finance leases	(104,849)	(34,227)
Net cash (used in)/from financing activities	(1,640,977)	3,072,156
Net (decrease)/increase in cash and cash equivalents	(2,405,391)	2,496,576
Effect of exchange rate changes on the balance of cash held in foreign currencies	(45,305)	(67,856)
Cash and cash equivalents at beginning of the period	4,768,941	4,531,440
Cash and cash equivalents at end of the period	2,318,245	6,960,160
Cash and cash equivalents in the Group's cash flow statements comprise the following:		
Cash at bank and on hand	2,318,245	4,960,160
Fixed deposits	-	2,000,000
	2,318,245	6,960,160

⁽¹⁾ In 1H2016, the Group acquired plant and equipment with an aggregate cost of S\$47,785 (1H2015: S\$2,654,728) of which S\$Nil (1H2015: S\$638,551) was acquired by way of finance leases. Cash payments of S\$47,785 were made in 1H2016 to purchase office equipment such as computers and software (1H2015: S\$2,016,177 were made to purchase equipment relating mainly to the Group's Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Company's offer document dated 20 June 2014 in connection with its initial public offering (the "IPO") and listing on Catalist).

- 1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

S\$ Group	Share capital	Capital reserve	Accumulated (losses)/profit	Total
Balance at 1 July 2015	9,405,906	(589,999)	2,987,751	11,803,658
Dividends paid	-	-	(1,215,000)	(1,215,000)
Total comprehensive income for the period	-	-	1,001,732	1,001,732
Balance at 31 December 2015	9,405,906	(589,999)	2,774,483	11,590,390
Balance at 1 July 2014	6,888,165	(589,999)	1,948,660	8,246,826
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised ⁽¹⁾	2,517,741	-	-	2,517,741
Total comprehensive income for the period	-	-	910,528	910,528
Balance at 31 December 2014	9,405,906	(589,999)	2,859,188	11,675,095
Company				
Balance at 1 July 2015	9,405,906	210,000	1,694,835	11,310,741
Dividends paid	-	-	(1,215,000)	(1,215,000)
Total comprehensive income for the period	-	-	(217,788)	(217,788)
Balance at 31 December 2015	9,405,906	210,000	262,047	9,877,953
Balance at 1 July 2014	6,888,165	210,000	(373,969)	6,724,196
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised ⁽¹⁾	2,517,741	-	-	2,517,741
Total comprehensive income for the period	-	-	1,986,011	1,986,011
Balance at 31 December 2014	9,405,906	210,000	1,612,042	11,227,948

⁽¹⁾ The Company undertook a share placement exercise (the "Placement") whereby 6,000,000 new ordinary shares were allotted and issued to Mr Goh Khoon Lim at a subscription price of S\$0.42 per share on 14 October 2014.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Issued and paid-up share capital (S\$)
As at 1 July 2015	162,000,000	9,405,906
Additional shares from Share Split ⁽¹⁾	324,000,000	-
Balance at 31 December 2015	486,000,000	9,405,906

⁽¹⁾ On 31 August 2015, the Company announced a proposed share split of every one (1) existing share held by shareholders of the Company into three (3) shares (the "Share Split") which resulted in the Company having a share capital of 486,000,000 shares, the listing of which had commenced with effect from 9.00 a.m. on 2 October 2015.

There were no outstanding convertibles or shares held as treasury shares as at 31 December 2014 and 31 December 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	31.12.2015	30.06.2015
Total number of issued shares excluding treasury shares	486,000,000	162,000,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for 1H2016 as its most recently audited financial statements for the financial year ended 30 June 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard. The adoption of the new and revised Financial Reporting Standards (including their consequential amendments) and interpretations is assessed to have no material impact on the results of the Group and of the Company for the half year ended 31 December 2015.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Unaudited 1H2016	Group Unaudited 1H2015
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company (S\$)	1,001,732	910,528
Weighted average number of ordinary shares after adjusting for Share Split ⁽¹⁾	<u>486,000,000</u>	<u>465,456,522</u>
EPS - Basic and diluted (cents) after adjusting for Share Split ⁽¹⁾	<u>0.21</u>	<u>0.20</u>

⁽¹⁾ On 31 August 2015, the Company announced a proposed share split of every one (1) existing ordinary share held by shareholders of the Company into three (3) shares (the "Share Split") which resulted in the Company having a share capital of 486,000,000 shares, the listing of which had commenced with effect from 9.00 a.m. on 2 October 2015. For comparative purposes, the weighted average number of ordinary shares for 1H2016 and 1H2015 has been adjusted for the Share Split.

The computation of the weighted average number of shares for 1H2015 also takes into account (i) the post-IPO share capital of 75,000,000 shares, (ii) the allotment and issuance of 6,000,000 new ordinary shares to Mr Goh Khoon Lim pursuant to the Placement, and (iii) as adjusted for the share split of every one (1) existing share held by shareholders of the Company into two (2) shares which was announced by the Company on 5 December 2014, and which resulted in the Company having a share capital of 162,000,000 shares, the listing of which commenced with effect from 9.00 a.m. on 22 January 2015.

For the purpose of this announcement, the weighted average number of shares after the Share Split may not be a product of the weighted average number of ordinary shares before the Share Split and the Share Split ratio due to rounding.

The basic and diluted earnings per share were the same for 1H2016 and 1H2015 as there were no potentially dilutive instruments as at 31 December 2015 and 31 December 2014.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	Unaudited As at 31.12.2015	Audited As at 30.06.2015	Unaudited As at 31.12.2015	Audited As at 30.06.2015
Net asset value per ordinary share based on the number of shares in issue at end of period/year, as adjusted for the Share Split (cents) ⁽¹⁾	<u>2.4</u>	<u>2.4</u>	<u>2.0</u>	<u>2.3</u>

⁽¹⁾ For comparative purposes, net asset value per ordinary share as at 31 December 2015 and 30 June 2015 has been computed based on the share capital of 486,000,000 shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's performance

We have two major business segments, namely (i) Security Solutions Business, and (ii) Maintenance and Leasing Business.

Revenue

The Group's revenue increased by approximately S\$1.2 million or 20.5% from S\$5.8 million in 1H2015 to S\$7.0 million in 1H2016.

Revenue from the Security Solutions Business increased by approximately S\$1.0 million or 29.4% from S\$3.4 million in 1H2015 to S\$4.4 million in 1H2016. This was mainly attributable to the increase in:-

- a) the sale of security products due to increased demand for Acoustic Hailing Systems by customers in the Rest of Southeast Asia⁽¹⁾ and the increased demand for integrated security solutions by customers in Singapore in aggregate of S\$4.0 million; and
- b) partially offset by the decrease in the sale of security products in aggregate of S\$3.0 million due to decreased demand for Acoustic Hailing Systems by customers in Indochina⁽²⁾, decreased demand for security products by customers in Singapore and the absence in 1H2016 of the supply of parts for Border Security Equipment to customers in the Rest of Southeast Asia.

Revenue from the Maintenance and Leasing Business increased by approximately S\$158,000 or 6.6% from S\$2.4 million in 1H2015 to S\$2.5 million in 1H2016. This was mainly attributable to the increase in:-

- a) fees earned of S\$135,000 from the provision of ad-hoc maintenance support services to customers in Singapore, Indochina and the Rest of Southeast Asia;
- b) fees earned of S\$462,000 in 1H2016 from the lease-and-maintenance contracts entered into with HDB in October 2014, for which the generation of lease income commenced in 1H2016.
- c) partially offset by the absence in 1H2016 of consultancy fees earned of S\$439,000 for work in progress from the provision of security consultancy for the design of an airport security project in 1H2015.

Cost of sales

Cost of sales increased by approximately S\$692,000 or 23.8% from S\$2.9 million in 1H2015 to S\$3.6 million in 1H2016. This was mainly due to:-

- a) the increase in sale of security products and integrated security solutions to customers in the rest of Southeast Asia and Singapore; and
- b) the continued amortisation of the cost of several extended supply contracts that the Group had entered into in early 2015 over the duration of several maintenance support services contracts with several public sector customers in Singapore, the rest of Southeast Asia and Indochina, and with its dealers in Indochina and the rest of Southeast Asia. This arrangement with the Group's supplier ensures its customers of the availability of maintenance support from its supplier over the duration of the maintenance support services contracts and ensures that this support would be rendered at a fixed cost to it.

⁽¹⁾ "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

⁽²⁾ "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

Gross profit

Gross profit increased by approximately S\$494,000 or 17.2% from S\$2.9 million in 1H2015 to S\$3.4 million in 1H2016.

Other operating income

Other operating income decreased by approximately S\$101,000 or 34.2% from S\$296,000 in 1H2015 to S\$195,000 in 1H2016. This was mainly due to the absence in 1H2016 of reversal of allowance for inventories obsolescence of S\$99,000 recorded in 1H2015, from the sale of security products which were previously fully written down.

Administrative expenses

Administrative expenses increased by approximately S\$315,000 or 15.1% from S\$2.1 million in 1H2015 to S\$2.4 million in 1H2016. This was mainly attributable to the increase in:-

- a) directors' and employees' remuneration and benefit expenses of S\$248,000 mainly due to the annual salary increments and increase in headcount;
- b) professional fees incurred attributable to the Share Split and the proposed acquisition of shareholding interests in Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd. of approximately S\$42,000;
- c) office related expenses of approximately S\$72,000; and
- d) partially offset by the decrease in distribution and marketing expenses of S\$47,000.

Other operating expenses

Other operating expenses remained relatively stable at S\$15,000 in 1H2015 and S\$18,000 in 1H2016.

Finance costs

Finance costs increased by approximately S\$8,000 or 60.7% from S\$12,000 in 1H2015 to S\$20,000 in 1H2016. This was mainly attributable to the higher utilization of trade financing facilities, which was in line with the increase in revenue.

Income tax expense

Income tax expense decreased by approximately S\$25,000 or 18.8% from S\$132,000 in 1H2015 to S\$108,000 in 1H2016. This was mainly attributable to the timing differences between the tax and accounting depreciation of the plant and equipment that the Group owns, the utilization of tax losses of holding company under the group tax relief system and corporate income tax (CIT) rebates pursuant to the Singapore government's Budget 2015.

Profit for the period

As a result of the above, profit for the period increased by approximately S\$91,000 or 10.0% from S\$911,000 in 1H2015 to S\$1.0 million in 1H2016.

Review of the Group's financial position

Current assets

Current assets increased by approximately S\$655,000 from S\$14.0 million as at 30 June 2015 to S\$14.7 million as at 31 December 2015. The increase in current assets was mainly due to the increase in:-

- a) trade receivables of S\$2.9 million mainly due to higher sales made on credit terms from the Security Solutions Business towards the financial period end and which had remained outstanding as at 31 December 2015;
- b) other receivables of S\$565,000 mainly due to working capital loans provided to the main contractor for certain software development and maintenance projects amounting to S\$350,000 and deferred expenditure pertaining to prepaid sub-contracting costs for the maintenance support services that the Group provides of S\$215,000 approximately; and
- c) partially offset by the decrease in cash and cash equivalents of S\$2.5 million due to the payment of dividends of S\$1.2 million and the decrease in inventories of S\$386,000 due to decrease in purchase of parts and components.

Non-current assets

Non-current assets decreased by approximately S\$405,000 from S\$6.1 million as at 30 June 2015 to S\$5.7 million as at 31 December 2015. The decrease in non-current assets was due to the net decrease in plant and equipment primarily attributable to depreciation charges.

Current liabilities

Current liabilities increased by approximately S\$531,000 from S\$7.8 million as at 30 June 2015 to S\$8.3 million as at 31 December 2015. The increase in current liabilities was mainly due to the increase in:-

- a) trade payables of approximately S\$665,000 due to suppliers which had remained outstanding as at 31 December 2015;
- b) other payables of approximately S\$107,000 mainly due to an increase in advances from customers of S\$89,000 in relation to deposits placed on sales orders;
- c) increase in income tax payable of S\$57,000; and
- d) partially offset by the repayment of bank borrowings of S\$300,000.

Non-current liabilities

Non-current liabilities decreased by approximately S\$68,000 from S\$604,000 as at 30 June 2015 to S\$536,000 as at 31 December 2015. This was mainly due to the repayment of bank borrowings of S\$108,000, which was partially offset by the increase in deferred tax liabilities of S\$39,000.

Capital and reserves

The decrease in capital and reserves from approximately S\$11.8 million as at 30 June 2015 to S\$11.6 million as at 31 December 2015 was mainly due to dividend payments amounting to S\$1.2 million in relation to dividends declared in respect of FY2015, partially offset by the profits from 1H2016 of S\$1.0 million.

Review of the Group's cashflows

Net cash from operating activities

In 1H2016, the net cash used in operating activities was approximately S\$717,000, which consisted of operating cashflows before working capital changes of S\$1.6 million, net working capital outflow of S\$2.3 million, income tax paid of S\$11,000 and interest received of S\$5,000.

The net working capital outflow arose mainly from the following:-

- a) an increase in trade receivables of S\$2.9 million mainly due to higher sales made on credit terms from the Security Solutions Business towards the financial period end and which had remained outstanding as at 31 December 2015;
- b) an increase in other receivables of S\$566,000 mainly due to working capital loans provided to the main-contractor for certain software development and maintenance projects amounting to S\$350,000 and deferred expenditure of S\$215,000 pertaining to prepaid sub-contracting costs for maintenance support services that the Group provides;
- c) partially offset by a decrease in inventories of S\$405,000 mainly due to the decrease in purchase of parts and components;
- d) partially offset by an increase in trade payables due to suppliers of S\$665,000; and
- e) partially offset by an increase in other payables of S\$108,000 mainly due to an increase in advances from customers of S\$89,000 in relation to deposits placed on sales orders.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$48,000 in 1H2016 mainly due to the purchase of information technology equipment.

Net cash from financing activities

Net cash used in financing activities amounted to approximately S\$1.6 million in 1H2016 mainly due to the payment of dividends amounting to S\$1.2 million and the repayment of bank borrowings and finance leases in aggregate of S\$405,000.

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

Not applicable.

10. A 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 security products and solutions industry is generally dependent on factors such as actual or perceived threats from terrorism, civil and political unrests, government budgets and general economic conditions.

According to the latest Global Terrorism Database⁽¹⁾ by the National Consortium for the Study of Terrorism and Responses to Terrorism ("START"), there have been more than 140,000 cases of transnational and international terrorist incidents from 1970 to 2014. The recent bombings in Thailand and the attack in Paris as well as the continued threat of the Islamic State of Iraq and Syria ("ISIS") militant group, especially with the recent attacks in central Jakarta, continue to fuel security concerns.

The Group believes that it is well-positioned to benefit from the heightened security tensions and that the demand for security products and integrated security solutions will continue to rise in the

long term. The Group continues to broaden its range of security products and integrated security solutions while ramping up its marketing efforts in the Asia Pacific.

As announced on 14 December 2015, the Group received a US\$64.46 million letter of award (“LOA”) for the sale of one of its best-selling products, the Hyperspike Acoustic Hailing Devices (“AHD”) and their supporting accessories for delivery to a customer in Southeast Asia. This is the largest LOA that the Group has received to date.

The Group also saw traction with some of its newer product additions. For example, as announced on 1 December 2015, the Group was appointed as a subcontractor for the deployment and maintenance of Bio-Nexus Ltd’s Care-Nexus software system at the Visy Group’s Chicago site (“Visy Project”) as well as at 15 additional sites of the Visy Group. The project value of the Visy Project for the first of three modules is US\$600,000.

In order to boost its security business and expand its Singapore market presence, as announced on 29 October 2015, the Company entered into a memorandum of understanding (“MOU”) for the proposed acquisition of a shareholding interest in Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd., respectively. The proposed acquisitions are expected to enhance the Group’s growth potential as it continues to build up its portfolio and strengthen its geographical footprint within and beyond its current markets.

The Group also plans to roll out the first set of product trials for customer review and approval of the Hyperwhistle, a high decibel traditional form whistle which aims to be the smallest and loudest whistle in the world, before moving to full production. This is part of the joint collaboration with United Tactical Systems, LLC. (“UTS”) and Wattre Corporation (“Wattre”) as announced on 23 December 2014 for the development, manufacturing, marketing and sale of the Hyperwhistle.

In order to increase the market liquidity of the Company’s shares, while broadening its shareholder base and providing greater affordability and accessibility for investors to participate in the equity of the Company, the Company completed a share split of every one (1) existing ordinary share in the capital of the Company held by shareholders of the Company into three (3) shares. As at the date of listing of the split shares on 2 October 2015, the Company had an issued and paid-up share capital of approximately S\$9.4 million comprising 486,000,000 shares.

- (1) *Global Terrorism Database is an open-source database including information on terrorist events around the world from 1970 through 2014 (with additional annual updates planned for the future).*
Link: <http://www.start.umd.edu/gtd/>

11. Dividend

- (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?

Name of dividend:	Ordinary cash dividend
Dividend type:	Interim for 1H2015
Dividend rate:	0.75 cent per ordinary share
Tax rate:	One-tier tax exempt

- (c) Date payable

Not applicable.

- (d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

14. Use of Share Placement Proceeds

The net proceeds from the Placement of approximately S\$2.5 million (the "Net Proceeds") have been utilised as follows:-

(S\$'000)	Allocation of Net Proceeds	Reallocation of the use of Net Proceeds	Net Proceeds utilised as at the date of this announcement	Balance of Net Proceeds as at the date of this announcement
To develop the new secured Virtual Healthcare Systems and Solution business as well as for capital expenditure on service centre facilities relating to the Hyperspike AHD business	1,689	(700)	-	989
Working capital	800	700	(1,500)	-
Net Proceeds	2,489	-	(1,500)	989

The Board wishes to inform shareholders that of the S\$1.7 million of the Net Proceeds initially allocated to develop the new secured Virtual Healthcare Systems and Solution business as well as for capital expenditure on service centre facilities relating to the Hyperspike AHD business, it considers it to be in the best interests of the Company and its shareholders to reallocate S\$0.7 million for working capital purposes as the Group had been able to make arrangements with the relevant suppliers for the use of their relevant equipment required to support its service centre facilities for the Hyperspike AHD business.

Please refer to the Company's announcement dated 26 September 2014 for further details on the Placement and the use of Net Proceeds.

The Company will make periodic announcements on the use of the Net Proceeds as and when the funds are materially disbursed.

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

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

16. Negative confirmation by the Board pursuant to Rule 705(5)

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board, which may render the unaudited financial statements of the Group for 1H2016 to be false or misleading in any material aspect.

By Order of the Board

Kelvin Lim Ching Song

Executive Director and Chief Executive Officer

3 February 2016
