



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

**Condensed interim financial statements
For the six months ended
31 December 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

	Note	The Group		
		Unaudited 1H-2024 ⁽¹⁾	Unaudited 1H-2023 ⁽²⁾	Increase/ (Decrease) % change
		S\$	S\$	%
Revenue	3.2	5,936,154	3,897,867	52.3
Cost of sales		(3,103,169)	(2,270,053)	36.7
Gross profit		2,832,985	1,627,814	74.0
Gross profit margin		47.7%	41.8%	
Other income	5.1	31,903	54,350	(41.3)
Administrative expenses		(2,610,482)	(2,805,867)	(7.0)
Other operating expenses		(36,982)	(57,305)	(35.5)
Finance income	5.1	4,873	246	1,881
Finance costs	5.1	(33,030)	(57,458)	(42.5)
Profit/(loss) before income tax		189,267	(1,238,220)	N.M
Income tax expense	6	(6,102)	-	N.M
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period		183,165	(1,238,220)	N.M
<u>Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the period</u>				
Basic and diluted (cents) ⁽³⁾		0.04	(0.26)	

Notes:

⁽¹⁾ "1H-2024" refers to the half year ended 31 December 2023.

⁽²⁾ "1H-2023" refers to the half year ended 31 December 2022.

⁽³⁾ The basic and diluted (loss)/earnings per share were the same as there were no dilutive instruments as at 31 December 2022 and 31 December 2023.

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		Unaudited As at 31.12.2023 S\$	Audited As at 30.06.2023 S\$	Unaudited As at 31.12.2023 S\$	Audited As at 30.06.2023 S\$
ASSETS					
Current assets					
Restricted fixed deposits		453,133	452,452	-	-
Inventories	9	3,170,313	1,805,194	-	-
Contract assets		390,073	330,510	-	-
Contract costs		-	45,200	-	-
Trade and other receivables	8	3,772,018	2,511,548	2,468,561	2,503,241
Loans to subsidiaries		-	-	618,593	621,563
Cash and cash equivalents		3,955,030	7,113,363	181,930	146,638
Total current assets		11,740,567	12,258,267	3,269,084	3,271,442
Non-current assets					
Investment in subsidiaries	10	-	-	3,000,199	3,000,199
Plant and equipment	11	375,167	408,384	-	-
Other investments		7,605	7,605	-	-
		382,772	415,989	3,000,199	3,000,199
Total assets		12,123,339	12,674,256	6,269,283	6,271,641
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	12	2,478,100	2,362,512	225,703	205,669
Contract liabilities		465,819	787,126	-	-
Lease liabilities	13	9,528	10,496	-	-
Bank borrowings	13	1,278,677	1,265,278	-	-
Total current liabilities		4,232,124	4,425,412	225,703	205,669
Non-current liabilities					
Bank borrowings	13	759,966	1,296,543	-	-
Lease liabilities	13	15,393	19,610	-	-
Deferred tax liabilities		1,490	1,490	-	-
		776,849	1,317,643	-	-
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		(1,612,188)	(1,795,353)	(3,482,973)	(3,460,581)
		7,114,366	6,931,201	6,043,580	6,065,972
Total liabilities and equity		12,123,339	12,674,256	6,269,283	6,271,641

C. Condensed interim statements of changes in equity

Group	Share capital S\$	Treasury shares S\$	Capital reserves S\$	Accumulated profit/(losses) S\$	Total S\$
Balance at 1 July 2023	9,405,906	(89,353)	(589,999)	(1,795,353)	6,931,201
Profit for the period, representing total comprehensive profit for the period	-	-	-	183,165	183,165
Balance at 31 December 2023	9,405,906	(89,353)	(589,999)	(1,612,188)	7,114,366
Balance at 1 July 2022	9,405,906	(89,353)	(589,999)	215,938	8,942,492
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,238,220)	(1,238,220)
Balance at 31 December 2022	9,405,906	(89,353)	(589,999)	(1,022,282)	7,704,272
Company					
Balance at 1 July 2023	9,405,906	(89,353)	210,000	(3,460,581)	6,065,972
Loss for the period, representing total comprehensive loss for the period	-	-	-	(22,392)	(22,392)
Balance at 31 December 2023	9,405,906	(89,353)	210,000	(3,482,973)	6,043,580
Balance at 1 July 2022	9,405,906	(89,353)	210,000	(2,419,682)	7,106,871
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,058,476)	(1,058,476)
Balance at 31 December 2022	9,405,906	(89,353)	210,000	(3,478,158)	6,048,395

D. Condensed interim consolidated statements of cash flows

	Note	The Group	
		Unaudited 1H-2024 S\$	Unaudited 1H-2023 S\$
Operating activities			
Profit/(Loss) before tax		189,267	(1,238,220)
Adjustments for:			
Interest income	5.1	(689)	(246)
Interest expense	5.1	33,030	55,085
Depreciation of plant and equipment	5.1	65,959	42,947
Gain/(Loss) on disposal of plant and equipment	5.1	327	(240)
Inventories written-off	5.1	-	239
Inventories written-down	5.1	18,519	27,797
(Write-back of)/Impairment loss of trade receivables	5.1	(2,388)	10,737
Net foreign exchange loss - unrealised		3,161	26,320
Operating cash flows before working capital changes		307,186	(1,075,581)
Trade and other receivables		(1,261,334)	1,666,614
Inventories		(1,388,253)	(1,791,916)
Contract assets		(59,563)	(309,188)
Contract costs		45,200	75,950
Trade and other payables		(134,412)	181,866
Contract liabilities		(321,307)	65,529
Cash used in operations		(2,812,483)	(1,186,726)
Taxes paid		(6,102)	(48,474)
Interest received		686	5
Net cash used in operating activities		(2,817,899)	(1,235,195)
Investing activities			
Purchase of plant and equipment		(31,573)	(268,639)
Proceeds from disposal of plant and equipment		3,119	5,612
Net cash used in investing activities		(28,454)	(263,027)
Financing activities			
Interest paid		(28,314)	(59,271)
Repayments of bank borrowings		(523,178)	(613,010)
Payments of lease liabilities		(5,185)	(4,946)
Utilisation of trade financing facilities		450,788	1,084,416
Repayment of trade financing facilities		(187,872)	(1,733,005)
Restricted cash released		-	18,159
Restricted cash pledged		(562,223)	(41,681)
Net cash used in financing activities		(855,984)	(1,349,338)
Net decrease in cash and cash equivalents		(3,702,337)	(2,847,560)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(17,538)	(36,429)
Cash and cash equivalents at beginning of the period		6,957,750	8,367,547
Cash and cash equivalents at end of the period		3,237,875	5,483,558
Cash and cash equivalents in the Group's cash flow statements comprise the following:			
Cash at bank and on hand		3,219,689	5,465,399
Fixed deposit with a financial institution		18,186	18,159
Fixed deposit pledged		453,133	452,226
Restricted cash		717,155	155,613
Cash and cash equivalents at end of the period		4,408,163	6,091,397

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 as at and for the six months ended 31 December 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 2023 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 ended 31 December 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 2023. 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. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual financial statements of the Group for the financial year ended 30 June 2023. 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 2023.

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.

- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Lease Liability in a Sale and Leaseback (Amendments to SFRS(I) 16)*
- *Non-current Liabilities with Covenants (Amendments to SFRS(I) 1-1)*
- *Supplier Finance Arrangements (Amendments to SFRS(I) 1-7 and SFRS(I) 7)*
- *Lack of Exchangeability (Amendments to SFRS(I) 1-21)*

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 financial year ended 30 June 2023.

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 financial 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	
	1H-2024	1H-2023	1H-2024	1H-2023	1H-2024	1H-2023
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	3,663,970	2,096,863	2,272,184	1,801,004	5,936,154	3,897,867
Other income	-	228	-	-	-	228
Interest income	684	-	-	13	684	13
Interest expense	(3,224)	(9,559)	-	-	(3,224)	(9,559)
Impairment loss of trade receivables	-	(10,737)	-	-	-	(10,737)
Reportable segment profit before tax	<u>1,197,186</u>	<u>298,486</u>	<u>1,585,174</u>	<u>1,229,246</u>	<u>2,782,360</u>	<u>1,527,732</u>
Profit margin	32.7%	14.2%	69.8%	68.3%		
Reportable segment assets	<u>6,401,662</u>	<u>7,406,730</u>	<u>1,940,873</u>	<u>1,114,782</u>	<u>8,342,535</u>	<u>8,521,512</u>
Reportable segment liabilities	<u>(1,976,917)</u>	<u>(2,178,183)</u>	<u>(271,181)</u>	<u>(675,817)</u>	<u>(2,248,098)</u>	<u>(2,854,000)</u>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items		
	1H-2024	1H-2023
	S\$	S\$
Revenues		
Total revenue for reportable segments	<u>5,936,154</u>	<u>3,897,867</u>
Profit or loss		
Total profit for reportable segments	2,782,360	1,527,732
Unallocated amounts:		
- Other income	31,903	54,350
- Administrative expenses	(2,580,916)	(2,753,875)
- Other expenses	(18,463)	(18,532)
- Net finance costs	<u>(25,617)</u>	<u>(47,895)</u>
Consolidated (loss)/profit before tax	<u>189,267</u>	<u>(1,238,220)</u>
Assets		
Total assets for reportable segments	8,342,535	8,521,512
Unallocated amounts:		
- Plant and equipment	375,167	392,561
- Cash and cash equivalents	3,237,875	5,483,557
- Others	<u>167,762</u>	<u>218,155</u>
Consolidated total assets	<u>12,123,339</u>	<u>14,615,785</u>
Liabilities		
Total liabilities for reportable segments	(2,248,098)	(2,854,000)
Unallocated amounts:		
- Bank borrowings	(2,038,643)	(3,182,783)
- Finance lease liabilities	(24,921)	(35,171)
- Other payables	(695,821)	(772,204)
- Deferred tax liabilities	(1,490)	(1,490)
- Income tax payable	-	(65,865)
Consolidated total liabilities	<u>(5,008,973)</u>	<u>(6,911,513)</u>

3.2 Disaggregation of Revenue

	Security solutions		Maintenance and leasing		Total	
	1H-2024	1H-2023	1H-2024	1H-2023	1H-2024	1H-2023
	S\$	S\$	S\$	S\$	S\$	S\$
Geographical markets					-	-
Singapore	3,162,087	1,990,612	1,874,065	1,097,488	5,036,152	3,088,100
Indochina ⁽¹⁾	-	68,661	-	43,500	-	112,161
Rest of Southeast Asia ⁽²⁾	500,116	6,433	398,119	660,016	898,235	666,449
East Asia ⁽³⁾	1,767	26,330	-	-	1,767	26,330
Other Markets ⁽⁴⁾	-	4,827	-	-	-	4,827
Total	3,663,970	2,096,863	2,272,184	1,801,004	5,936,154	3,897,867
Major product/service lines						
Sales of goods	3,663,970	2,096,863	-	-	3,663,970	2,096,863
Maintenance and leasing services	-	-	2,272,184	1,801,004	2,272,184	1,801,004
	3,663,970	2,096,863	2,272,184	1,801,004	5,936,154	3,897,867
Timing of revenue recognition					-	-
At a point in time	3,663,970	2,096,863	-	-	3,663,970	2,096,863
Over time	-	-	2,272,184	1,801,004	2,272,184	1,801,004
	3,663,970	2,096,863	2,272,184	1,801,004	5,936,154	3,897,867

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 Markets" includes Australia, United States of America and India

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 30 June 2023:

	Carrying amount		
	Amortised cost S\$	Other financial liabilities S\$	Total carrying amount S\$
Group			
31 December 2023			
Financial assets not measured at fair value			
Trade and other receivables ^	3,679,069	-	3,679,069
Cash and cash equivalents	3,955,030	-	3,955,030
Restricted fixed deposits	453,133	-	453,133
	<u>8,087,232</u>	<u>-</u>	<u>8,087,232</u>
Financial liabilities not measured at fair value			
Trade and other payables	-	2,478,100	2,478,100
Loans and borrowings	-	2,063,564	2,063,564
	<u>-</u>	<u>4,541,664</u>	<u>4,541,664</u>
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
	<u>-</u>	<u>4,954,439</u>	<u>4,954,439</u>

^ Excludes prepayments.

5. Profit before taxation

5.1 Significant items

	The Group	
	Unaudited 1H-2024 S\$	Unaudited 1H-2023 S\$
Income		
Miscellaneous income	1,815	194
Write-back of impairment of trade receivables	2,388	-
Gain on disposal of plant and equipment	-	240
Government grant and subsidies	27,700	53,916
Other income	31,903	54,350
Foreign exchange gain (net)	4,184	-
Interest income	689	246
Finance income	4,873	246
Expenses		
Depreciation of plant and equipment	(65,959)	(42,947)
Inventories written-off	-	(239)
Rental expense	(115,750)	(109,800)
Impairment of trade receivables and contract assets	-	(10,737)
Allowance for inventories obsolescence	(18,519)	(27,797)
Loss on disposal of plant and equipment	(327)	-
Interest expense	(33,030)	(55,085)
Foreign exchange loss (net)	-	(2,373)
Finance costs	(33,030)	(57,458)

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 1H-2024 S\$	Unaudited 1H-2023 S\$
Related parties which a director has controlling interest		
Sales	307	5,723
Accounting and administrative services	38,604	38,604
Rental expenses	108,000	108,000
Recharge of expenses	44	3,769

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 1H-2024 S\$	Unaudited 1H-2023 S\$
Current tax expense		
Changes in estimates in respect of prior years	(2,302)	-
Withholding tax	(3,800)	-
	<u>(6,102)</u>	<u>-</u>
Reconciliation of effective tax rate		
Profit/(loss) before tax	<u>189,267</u>	<u>(1,238,220)</u>
Tax using the Singapore tax rate of 17%	32,175	(210,497)
Effect of tax rates in foreign jurisdiction	(917)	239
Non-deductible expenses	7,849	30,721
Non-taxable income	-	(3,593)
Tax exempt income	-	(2,952)
Unrecognised deferred tax assets	-	186,082
Utilisation of previously unrecognised tax losses	(39,107)	-
Changes in estimates in respect of prior years	(2,302)	-
Withholding tax	(3,800)	-
	<u>(6,102)</u>	<u>-</u>

7. Net Asset Value

	Group		Company	
	Unaudited As at 31.12.2023	Audited As at 30.06.2023	Unaudited As at 31.12.2023	Audited As at 30.06.2023
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	<u>1.5</u>	<u>1.4</u>	<u>1.2</u>	<u>1.3</u>

8. Trade and other receivables

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 31.12.2023	As at 30.06.2023	As at 31.12.2023	As at 30.06.2023
	S\$	S\$	S\$	S\$
Trade receivables	3,751,105	2,354,450	-	-
Impairment loss on trade receivables	(350,964)	(353,352)	-	-
	<u>3,400,141</u>	<u>2,001,098</u>	-	-
Other receivables	1,865	1,861	-	-
Amounts due from subsidiaries (non-trade)	-	-	2,405,916	2,453,604
Deposits	277,063	230,203	40,880	40,880
	<u>3,679,069</u>	<u>2,233,162</u>	<u>2,446,796</u>	<u>2,494,484</u>
Prepayments	92,949	278,386	21,765	8,757
	<u>3,772,018</u>	<u>2,511,548</u>	<u>2,468,561</u>	<u>2,503,241</u>

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

9. Inventories

	Group	
	Unaudited	Audited
	As at 31.12.2023	As at 30.06.2023
	S\$	S\$
Inventories, net of write-down of inventories	<u>3,170,313</u>	<u>1,805,194</u>

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

At 1 July	248,232	214,528
Write-down during the period	18,519	33,704
At 31 December/30 June	<u>266,751</u>	<u>248,232</u>

During the period, inventories of S\$2,818,248 (1H-2023: S\$1,704,575) were recognised as an expense and included in "cost of sales".

10. Investments in subsidiaries

	Company	
	Unaudited As at 31.12.2023 S\$	Audited As at 30.06.2023 S\$
Unquoted equity shares, at cost	5,344,199	5,344,199
Allowance for impairment	(2,344,000)	(2,344,000)
	<u>3,000,199</u>	<u>3,000,199</u>

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

At 1 July	2,344,000	1,344,160
Charged to profit and loss	-	999,840
At 31 December/ 30 June	<u>2,344,000</u>	<u>2,344,000</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.

The Company recognised an impairment loss of S\$999,840 in its investment in a subsidiary as of 30 June 2023 as the recoverable amount estimated based on cash flow projections was below the carrying amount of the cost of investment. At the current reporting date, there is no indication that additional impairment or reversals of impairment of the investment in subsidiaries should be recognised.

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\$	Total S\$
Cost						
At 1 July 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
Additions	19,778	7,020	4,775	-	-	31,573
Transfers	-	-	4,615	-	-	4,615
Disposals/Write-off	-	-	-	(71,961)	-	(71,961)
At 31 December 2023	663,423	767,041	149,632	368,559	-	1,948,655
Accumulated depreciation and impairment losses						
At 1 July 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
Depreciation for the period	23,778	1,280	8,821	32,080	-	65,959
Disposals/Write-off	-	-	-	(68,515)	-	(68,515)
At 31 December 2023	569,334	753,794	97,697	152,663	-	1,573,488
Carrying amounts						
At 1 July 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
At 31 December 2023	94,089	13,247	51,935	215,896	-	375,167

11. Plant and equipment (con't)

During the period 1H-2024, the Group acquired assets amounting to S\$31,573 (1H-2023: S\$268,639) and disposed and wrote off assets amounting to S\$71,961 (1H-2023: S\$S\$97,332).

During the period 1H-2024, the Group transferred inventories with carrying amount of S\$4,615 (1H-2023: S\$6,550 of inventories) to plant and equipment.

12. Trade and other payables

	Group		Company	
	Unaudited As at 31.12.2023 S\$	Audited As at 30.06.2023 S\$	Unaudited As at 31.12.2023 S\$	Audited As at 30.06.2023 S\$
Trade payables	1,280,718	1,027,366	-	-
Bills payable	262,917	-	-	-
Other payables	264,657	214,046	59,325	28,147
Amounts due to:				
– Subsidiary (non-trade)	-	-	142	20
– Related parties (non-trade)	52,777	26,950	52,777	26,389
Accruals	617,031	1,094,150	75,659	113,313
	<u>2,478,100</u>	<u>2,362,512</u>	<u>187,903</u>	<u>167,869</u>
Deposit received	-	-	37,800	37,800
	2,478,100	2,362,512	225,703	205,669

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			
	Unaudited		Audited	
	As at 31.12.2023		As at 30.06.2023	
<u>Amount repayable in one year or less, or on demand</u>	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Bank borrowings	1,278,677	-	1,265,278	-
Lease liabilities	9,528	-	10,496	-
	<u>1,288,205</u>	<u>-</u>	<u>1,275,774</u>	<u>-</u>
<u>Amount repayable after one year</u>				
Bank borrowings	759,966	-	1,296,543	-
Lease liabilities	15,393	-	19,610	-
	<u>775,359</u>	<u>-</u>	<u>1,316,153</u>	<u>-</u>
	2,063,564	-	2,591,927	-

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 collaterals

The Group's bank 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

	Group and Company			
	Unaudited As at 31.12.2023	Audited As at 30.06.2023	Unaudited As at 31.12.2023	Audited As at 30.06.2023
	Number of ordinary shares		S\$	S\$
Issued and fully paid ordinary shares, with no par value:				
Total number of issued shares	486,000,000	486,000,000	9,405,906	9,405,906
Less: Treasury shares	(1,155,900)	(1,155,900)	(1,155,900)	(1,155,900)
Total number of issued shares excluding treasury shares	484,844,100	484,844,100	8,250,006	8,250,006

There were no outstanding convertibles and subsidiary holdings held by the Company as at 31 December 2023 and 31 December 2022. The number of shares held as treasury shares as at 31 December 2023 and 31 December 2022 is 1,155,900 treasury shares. The percentage of the aggregate number of treasury shares held against the total number of shares outstanding, excluding treasury shares, that is listed as at 31 December 2023 and 31 December 2022 is 0.24%.

F. Other Information Required by Listing Rule Appendix 7C

1. Review

The condensed interim statements of financial position of IPS Securex Holdings Limited and its subsidiaries as at 31 December 2023 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 six-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\$2.0 million or 52.3% from S\$3.9 million in 1H-2023 to S\$5.9 million in 1H-2024.

Security Solutions Business: 1H-2024

Revenue from the Security Solutions Business increased by approximately S\$1.6 million or 74.7% from S\$2.1 million in 1H-2023 to S\$3.7 million in 1H-2024. This was mainly attributable to an increase in revenue from providing integrated security solutions in Singapore of S\$1.2 million and increase in sales of security products to customers in Rest of Southeast Asia⁽²⁾ of S\$0.5 million, partially offset by a decrease in sales of security products to customers in East Asia⁽³⁾ of S\$25,000, in Indochina⁽¹⁾ of S\$69,000 and in Others⁽⁴⁾ of S\$5,000.

Maintenance and Leasing Business: 1H-2024

Revenue from the Maintenance and Leasing Business increased by approximately S\$0.5 million or 26.2% from S\$1.8 million in 1H-2023 to S\$2.3 million in 1H-2024. This was mainly attributable to an increase in revenue from the provision of maintenance support services to customers in Singapore of S\$0.8 million, and partially offset by a decrease in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia⁽²⁾ of S\$0.3 million and in Indochina⁽¹⁾ of S\$44,000.

Cost of sales

Cost of sales increased by approximately S\$0.8 million or 36.7% from S\$2.3 million in 1H-2023 to S\$3.1 million in 1H-2024. This was mainly due to a net increase in direct material costs incurred as revenue increased.

Gross profit

Gross profit increased by approximately S\$1.2 million or 74.0% from S\$1.6 million in 1H-2023 to S\$2.8 million in 1H-2024 as a result of the factors discussed above.

Gross margin increased from 41.8% in 1H-2023 to 47.7% in 1H-2024 mainly because the Group managed to secure contracts at higher margins for the Security Solutions Business in 1H-2024 compared to the Security Solutions contracts in 1H-2023. Although the margin of Security Solutions Business is lower than that of the Maintenance and Leasing Business and revenue contribution from Security Solutions increased in 1H-2024, the magnitude of improvement in margin outweighs the effect from the marginal increase in revenue contribution from Security Solutions, leading to the higher gross profit margin in 1H-2024.

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 markets" includes Australia, United States of America and India.

2. Review of performance of the Group

Other income

Other income decreased by approximately S\$22,000 or 41.3% from S\$54,000 in 1H-2023 to S\$32,000 in 1H-2024. This was mainly due to a decrease in government grants and subsidies of S\$26,000; partially offset by an increase in miscellaneous income of S\$2,000 and write-back of impairment of trade receivables of S\$2,000.

Administrative expenses

Administrative expenses decreased by approximately S\$0.2 million or 7.0% from S\$2.8 million in 1H-2023 to S\$2.6 million in 1H-2024. This was mainly due to a decrease in employees' remuneration and benefit expenses of S\$182,000, a decrease in professional fees of S\$32,000, a decrease in distribution and marketing expenses of S\$13,000 and partially offset by an increase in depreciation of S\$23,000 and office related expenses of S\$9,000.

Other operating expenses

Other operating expenses decreased by approximately S\$20,000 or 35.5% from S\$57,000 in 1H-2023 to S\$37,000 in 1H-2024. This was mainly due to a decrease in allowance for doubtful debts of S\$11,000 and a decrease in allowance for inventories obsolescence of S\$9,000.

Finance income

Finance income increased by approximately S\$5,000 in 1H-2024. This was mainly due to an increase in 1H-2024 of a net foreign exchange gain of S\$4,000, which arose from the settlement of trade payables denominated in United States dollars due to the depreciation of United States dollar against the Singapore dollar in 1H-2024 and an increase in interest earned of S\$1,000.

Finance costs

Finance costs decreased by approximately S\$24,000 or 42.5% from S\$57,000 in 1H-2023 to S\$33,000 in 1H-2024. This was mainly due to the net decrease in interest expense of S\$22,000 due to lower utilisation of credit facilities, and decrease in foreign exchange loss of S\$2,000 arising from the revaluation of bank balances held in United States Dollars.

Tax expense

Tax expense increased by S\$6,000 in 1H-2024 and was attributable to prior year adjustments and withholding taxes.

Review of the Group's financial position

Current assets

Current assets decreased by approximately S\$518,000 from S\$12.3 million as at 30 June 2023 to S\$11.7 million as at 31 December 2023. The decrease in current assets was mainly due to:

- (i) a decrease in cash and cash equivalents of S\$3.2 million;
- (ii) a decrease in contract costs of S\$45,000 mainly due to the decrease in costs incurred to fulfil contracts where the related goods and services have been transferred to the customers as at 31 December 2023,

partially offset by:

- (iii) an increase in trade and other receivables of S\$1.3 million mainly due to higher sales made on credit terms from the provision of integrated security solutions towards the end of 1H-2024 of S\$1.4 million, an increase in prepayment for the purchase of software license of S\$14,000, an increase in deposits placed with suppliers for purchase of security products of S\$49,000, an increase in prepayment for insurance premiums of S\$28,000, an increase in professional fee of S\$13,000; and partially offset by a decrease in prepayment of miscellaneous income of S\$36,000, a decrease in prepayment for the purchase of parts for maintenance support service of S\$205,000 and a decrease in sundry deposits of S\$2,000;
- (iv) an increase in contract assets of S\$60,000 mainly attributable to revenue recognised for work completed but where billings had yet to be raised as at 31 December 2023;
- (v) an increase in inventories of S\$1.4 million arising from an increase in the purchase of parts and components for the Security Solutions Business during the period.

Non-current assets

Non-current assets decreased by approximately S\$33,000 from S\$416,000 as at 30 June 2023 to S\$383,000 as at 31 December 2023. The decrease in non-current assets was due to the depreciation charges on plant and equipment of S\$66,000, disposal of plant and equipment of S\$3,000; and partially offset by the purchase of plant and equipment of S\$31,000 and a transfer from inventory to plant and equipment of S\$5,000.

Current liabilities

Current liabilities decreased by approximately S\$193,000 from S\$4.4 million as at 30 June 2023 to S\$4.2 million as at 31 December 2023. The decrease in current liabilities was mainly due to:

- (i) a decrease in contract liabilities of S\$321,000 mainly due to delivery of services for which consideration had been received in advance;
- (ii) payment of lease liabilities of S\$1,000,

partially offset by:

- (iii) an increase in bank borrowings of S\$13,000 mainly due to reclassification of long-term bank borrowings to current liabilities as these would become due in the next 12 months from 31 December 2023; and
- (iv) an increase in trade and other payables of S\$116,000 mainly attributable to an increase in amount payable to trade suppliers of S\$253,000, an increase in trade financing facilities of S\$262,000, an increase in other payables of S\$51,000 which comprised mainly GST payables and payables for staff reimbursements, an increase in non-trade payable 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; and partially offset by a decrease in accrual of project cost for integrity security solutions projects of S\$395,000 and decrease in accrual of operating expenses of S\$81,000.

Non-current liabilities

Non-current liabilities decreased by approximately S\$541,000 from S\$1.3 million as at 30 June 2023 to S\$777,000 as at 31 December 2023. This was due to repayment of bank borrowings of S\$523,000 in respect of the loan secured by the Group for general corporate purposes, reclassification of long term bank borrowings of S\$13,000 to current liabilities as these would become due in the next 12 months from 31 December 2023 and payment of lease liabilities of S\$4,000.

Capital and reserves

Capital and reserves increased by approximately S\$183,000 from S\$6.9 million as at 30 June 2023 to S\$7.1 million as at 31 December 2023. This was due to net profit recognised in 1H-2024 of S\$183,000.

Review of the Group's cashflows

Net cash used in operating activities

In 1H-2024, the net cash used in operating activities was approximately S\$2.8 million, which consisted mainly of operating cash outflow before working capital changes of S\$307,000, net working capital outflow of S\$3.1 million, income tax payment of S\$6,000.

The net working capital outflow arose mainly from the following:

- (i) an increase in trade and other receivables of S\$1.3 million mainly due to higher sales made on credit terms from the provision of integrated security solutions towards the end of 1H-2024 of S\$1.4 million, an increase in prepayment for the purchase of software license of S\$14,000, an increase in deposits placed with suppliers for purchase of security products of S\$49,000, an increase in prepayment for insurance premiums of S\$28,000, an increase in professional fee of S\$13,000; and partially offset by a decrease in prepayment of miscellaneous income of S\$36,000, a decrease in prepayment for the purchase of parts for maintenance support service of S\$205,000 and a decrease in sundry deposits of S\$2,000;
- (ii) an increase in inventories of S\$1.4 million arising from an increase in the purchase of parts and components for the Security Solutions Business during the period;
- (iii) an increase in contract assets of S\$60,000 mainly attributable to revenue recognised for work completed but where billings had yet to be raised as at 31 December 2023;
- (iv) a decrease in contract costs of S\$45,000 mainly due to the decrease in costs incurred to fulfil contracts where the related goods and services have been transferred to the customers as at 31 December 2023;
- (v) a decrease in trade and other payables of S\$134,000 mainly attributable to a decrease in accrual of project cost for integrity security solutions projects of S\$395,000 and decrease in accrual of operating expenses of S\$63,000; and partially offset by an increase in amount payable to trade suppliers of S\$253,000, an increase in trade financing facilities of S\$262,000, an increase in other payables of S\$51,000 which comprised mainly GST payables and payables for staff reimbursements, an increase in non-trade payable 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; and
- (vi) a decrease in contract liabilities of S\$321,000 mainly due to delivery of services for which consideration had been received in advance.

Review of the Group's cashflows

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$28,000 in 1H-2024 mainly arising from the purchase of plant and equipment of S\$31,000 and partially offset by proceeds from disposal of plant and equipment of S\$3,000.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$856,000 in 1H-2024. This was mainly due to the net increase in utilisation of financing facilities of S\$262,000, the repayment of bank borrowings of S\$523,000, payment of lease liabilities of S\$5,000, interest paid of S\$28,000 and net restricted cash pledged of S\$562,000.

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.

In 1H-2024, the Group saw an increase in its revenue which was attributable to certain orders received from both new and existing customers.

The Group continues to focus on its targeted market for business growth in Singapore and the Rest of Asia* and provide its customers with the latest security products and solutions supported by the quality of its services. The Group has restructured its operating costs and continues to improve the margins of its businesses.

The Group is also looking to expand its business development channels to pursue more business opportunities while monitoring the industry on the budget allocations for prospective tenders and projects in the region.

* Rest of Asia includes the following:

(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.

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 1H-2024 in view that the Group recorded an accumulated loss as at 31 December 2023.

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)	
	1H-2024 S\$	1H-2023 S\$
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense) by:-</u>		
IPS Realty Pte Ltd	(108,000)	(108,000)
IPS Group Pte. Ltd.	(38,604)	(38,604)

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

The board of Directors (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 1H-2024 to be false or misleading in any material aspect.

10. 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
08 February 2024