



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

**Unaudited First Quarter And Three-Month Financial Statements And Dividend Announcement For The Financial Period Ended 30 September 2018**

*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 Singapore Exchange Securities Trading Limited ("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.*

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**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1,Q2 AND Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

- 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.**

	<b>Group Unaudited</b>		
	<b>1Q-2019 <sup>(1)</sup></b>	<b>1Q-2018 <sup>(2)</sup></b>	<b>Increase/ (Decrease)</b>
	<b>S\$</b>	<b>S\$</b>	<b>% change</b>
<b>Revenue</b>	2,143,956	2,317,722	(7.5)
Cost of sales	(1,132,264)	(1,351,013)	(16.2)
<b>Gross profit</b>	1,011,692	966,709	4.7
Other income	4,933	100,121	(95.1)
Administrative expenses	(1,340,030)	(1,338,442)	0.1
Other operating expenses	(22,316)	(3,692)	504.4
Finance income	19,773	4,899	303.6
Finance costs	(8,313)	(40,729)	(79.6)
<b>Loss before tax</b>	(334,261)	(311,134)	7.4
Tax credit	29,600	91,243	(67.6)
<b>Loss for the period, representing total comprehensive loss for the period</b>	(304,661)	(219,891)	38.6

NM denotes not meaningful.

- (1) "1Q-2019" refers to the first quarter ended 30 September 2018.  
 (2) "1Q-2018" refers to the first quarter ended 30 September 2017.

The loss for the period attributable to shareholders of the Company includes the following (charges)/credits:

	Group Unaudited		
	1Q-2019 S\$	1Q-2018 S\$	Increase/ (Decrease) % change
<b>After charging:</b>			
Depreciation of plant and equipment	(264,985)	(262,378)	1.0
Inventories written off	(3)	-	NM
Rental expense	(55,598)	(54,465)	2.1
Allowance for doubtful debts (net)	(17,460)	-	NM
Interest expense	(8,313)	(9,956)	(16.5)
Foreign exchange loss (net)	-	(30,773)	NM
Finance costs	(8,313)	(40,729)	(79.6)
<b>and crediting:</b>			
Miscellaneous income	1,742	32,373	(94.6)
Bad debts recovered	-	30,000	NM
Government grant and subsidies	3,191	37,748	(91.5)
Other income	4,933	100,121	(95.1)
Foreign exchange gain (net)	12,864	-	NM
Interest income	6,909	4,899	41.0
Finance income	19,773	4,899	303.6

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 30.09.2018	Audited As at 30.06.2018	Unaudited As at 30.09.2018	Audited As at 30.06.2018
	S\$	S\$	S\$	S\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,745,260	3,582,866	169,969	257,731
Trade and other receivables	2,084,568	2,701,222	3,072,919	3,307,770
Loan to subsidiary corporation	-	-	1,608,400	1,508,400
Inventories	935,982	1,036,746	-	-
Contract assets	582,100	631,624	-	-
<b>Total current assets</b>	<b>7,347,910</b>	<b>7,952,458</b>	<b>4,851,288</b>	<b>5,073,901</b>
<b>Non-current assets</b>				
Investment in subsidiary corporations	-	-	4,844,199	4,844,199
Plant and equipment	2,939,752	3,189,452	-	-
Other investments	7,605	7,605	-	-
Deferred tax assets	14,196	-	-	-
	<b>2,961,553</b>	<b>3,197,057</b>	<b>4,844,199</b>	<b>4,844,199</b>
<b>Total assets</b>	<b>10,309,463</b>	<b>11,149,515</b>	<b>9,695,487</b>	<b>9,918,100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	2,417,989	2,717,939	268,070	324,954
Contract liabilities	64,023	157,707	-	-
Finance lease	18,151	18,151	-	-
Bank borrowings	289,106	410,921	289,106	410,921
<b>Total current liabilities</b>	<b>2,789,269</b>	<b>3,304,718</b>	<b>557,176</b>	<b>735,875</b>
<b>Non-current liabilities</b>				
Finance lease	66,271	70,809	-	-
Deferred tax liabilities	-	15,404	-	-
	<b>66,271</b>	<b>86,213</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	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)	(1,272,631)	(967,970)	(388,242)	(344,328)
	<b>7,453,923</b>	<b>7,758,584</b>	<b>9,138,311</b>	<b>9,182,225</b>
<b>Total liabilities and equity</b>	<b>10,309,463</b>	<b>11,149,515</b>	<b>9,695,487</b>	<b>9,918,100</b>

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 30.09.2018		As at 30.06.2018	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	307,257	-	429,072	-
Amount repayable after one year	66,271	-	70,809	-
	<u>373,528</u>	<u>-</u>	<u>499,881</u>	<u>-</u>

Details of the collaterals:

The Group's borrowings are secured by corporate guarantees provided by IPS Securex Holdings Limited and IPS Securex Pte. Ltd.. The Group's finance lease is secured by the respective plant and equipment purchased under the lease.

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

	<b>Group Unaudited</b>	
	<b>1Q-2019</b>	<b>1Q-2018</b>
	<b>S\$</b>	<b>S\$</b>
<b>Operating activities</b>		
Loss before tax	(334,261)	(311,134)
Adjustments for:		
Interest income	(6,909)	(4,899)
Interest expense	8,313	9,956
Depreciation of plant and equipment	264,985	262,378
Inventories written off	3	-
Allowance for doubtful debts (net)	17,460	-
Net foreign exchange (gain)/loss	(4,099)	84,020
Operating cash flows before working capital changes	(54,508)	40,321
Trade and other receivables	601,164	(466,593)
Inventories	100,761	(287,710)
Contract assets	49,524	(129,151)
Trade and other payables	(300,901)	30,477
Contract liabilities	(93,684)	22,119
Cash generated from/(used in) operations	302,356	(790,537)
Income tax paid	-	(568)
Interest received	5,766	3,787
<b>Net cash from/(used in) operating activities</b>	<b>308,122</b>	<b>(787,318)</b>
<b>Investing activities</b>		
Purchase of plant and equipment <sup>(1)</sup>	(15,285)	(6,479)
Acquisition of subsidiaries, net of cash acquired	-	(373,200)
<b>Net cash used in investing activities</b>	<b>(15,285)</b>	<b>(379,679)</b>
<b>Financing activities</b>		
Interests paid	(8,178)	(10,504)
Repurchase of own shares	-	(89,353)
Repayments of bank borrowings	(121,815)	(211,906)
Repayments of finance lease	(4,538)	(59,480)
<b>Net cash used in financing activities</b>	<b>(134,531)</b>	<b>(371,243)</b>
Net increase/(decrease) in cash and cash equivalents	<b>158,306</b>	<b>(1,538,240)</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies	4,088	(16,235)
Cash and cash equivalents at beginning of the period	3,537,279	4,887,677
<b>Cash and cash equivalents at end of the period</b>	<b>3,699,673</b>	<b>3,333,202</b>
Cash and cash equivalents in the Group's cash flow statements comprise the following:		
Cash at bank and on hand	3,699,673	3,333,202
Restricted cash	45,587	18,000
Cash and cash equivalents in the statement of financial position at end of the period	<b>3,745,260</b>	<b>3,351,202</b>

<sup>(1)</sup> In 1Q-2019, the Group acquired plant and equipment with an aggregate cost of S\$15,285 (1Q-2018: S\$6,479) of which S\$Nil (1Q-2018: S\$Nil) was acquired by way of finance lease. Cash payments of S\$15,285 were made in 1Q-2019 (1Q-2018: S\$6,479) to purchase computer and software.

- 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\$	Share capital	Treasury shares	Capital reserves	Accumulated profit/(losses)	Total
<b>Group</b>					
Balance at 1 July 2018	9,405,906	(89,353)	(589,999)	(967,970)	7,758,584
<b>Total comprehensive income for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(304,661)	(304,661)
<b>Transactions with owners, recognised directly in equity</b>					
Purchase of own shares	-	-	-	-	-
Balance at 30 September 2018	9,405,906	(89,353)	(589,999)	(1,272,631)	7,453,923
Balance at 1 July 2017	9,405,906	-	(589,999)	322,848	9,138,755
<b>Total comprehensive income for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(219,891)	(219,891)
<b>Transactions with owners, recognised directly in equity</b>					
Purchase of own shares	-	(89,353)	-	-	(89,353)
Balance at 30 September 2017	9,405,906	(89,353)	(589,999)	102,957	8,829,511
<b>Company</b>					
Balance at 1 July 2018	9,405,906	(89,353)	210,000	(344,328)	9,182,225
<b>Total comprehensive income for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(43,914)	(43,914)
<b>Transactions with owners, recognised directly in equity</b>					
Purchase of own shares	-	-	-	-	-
Balance at 30 September 2018	9,405,906	(89,353)	210,000	(388,242)	9,138,311
Balance at 1 July 2017	9,405,906	-	210,000	(112,537)	9,503,369
<b>Total comprehensive income for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(41,677)	(41,677)
<b>Transactions with owners, recognised directly in equity</b>					
Purchase of own shares	-	(89,353)	-	-	(89,353)
Balance at 30 September 2017	9,405,906	(89,353)	210,000	(154,214)	9,372,339

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 June 2018 and 30 September 2018	484,844,100	9,316,553

There were no outstanding convertibles and subsidiary holdings held by the Company as at 30 September 2018 and 30 September 2017. The number of shares held as treasury shares as at 30 September 2018 and 30 September 2017 is 1,155,900 and 1,155,900 respectively. The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 30 September 2018 and 30 September 2017 is 0.24% and 0.24% respectively.

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	
	30.09.2018	30.06.2018
Total number of issued shares excluding treasury shares and subsidiary holdings	484,844,100	484,844,100

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.**

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I) issued by the ASC, and IFRS issued by the IASB.

The Group has applied the same accounting policies and methods of computation in the financial statements for 1Q-2019 as that of the audited financial statements for the year ended 30 June 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 July 2018 as follows:

- SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*;
- SFRS(I) 15 *Revenue from Contracts with Customers*;
- SFRS(I) 9 *Financial Instruments*;
- Requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 - *Classification and measurement of share-based payment transactions*;
- Requirements in SFRS(I) 1 arising from the amendments to IFRS 1 - *Deletion of short-term exemptions for first-time adopters*; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

SFRS(I) requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening statement of financial position and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual Financial Reporting Standards (FRS) applied to FRS financial statements. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the Group's financial statements.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has adopted SFRS(I) 15 using the retrospective approach and applies all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedients used for completed contracts. Under these practical expedients, completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The adoption of SFRS(I) 15 is assessed to have no significant impact on the results of the Group's financial statement for 1Q-2019

*Presentation of contract assets and liabilities*

Under SFRS(I) 15, for each revenue contract entered into, the Group presents contract assets or contract liabilities in its statement of financial position when the Group has performed the transfer of goods/services to the customer and has established the right to payment for the transfer (contract asset), or the customer had paid a consideration in advance for the transfer of goods/services to the Group (contract liability). As a result of the adoption of SFRS(I) 15, the Group reclassified S\$631,624 from trade and other receivables to contract assets and S\$157,707 from trade and other payables to contract liabilities in its statement of financial position as at 30 June 2018.



### SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. The Group elected the SFRS(I) exemption in SFRS(I) 1 allowing it not to restate comparative information in SFRS(I) financial statements for the financial year ending 30 June 2019. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 July 2018.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables and any contract assets arising from the application of SFRS(I) 15.

The adoption of SFRS(I) 9 is assessed to have no significant impact on the results of the Group's financial statement for 1Q-2019.

**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.**

Please refer to Item 4 above.

**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.**

	<b>Group Unaudited</b>	
	<b>1Q-2019</b>	<b>1Q-2018</b>
Earnings per ordinary share ("EPS")		
Loss attributable to owners of the Company (S\$)	(304,661)	(219,891)
Weighted average number of ordinary shares <sup>(1)</sup>	484,844,100	485,464,936
EPS - Basic and diluted (cents) <sup>(2)</sup>	<u>(0.06)</u>	<u>(0.05)</u>

<sup>(1)</sup> During the period from 1 July 2017 to 30 September 2017, the Company purchased 1,155,900 shares as treasury shares with the resultant that the number of issued shares was reduced from 486,000,000 shares as at 1 July 2017 to 484,844,100 shares as at 30 September 2017 and 30 September 2018. For the purpose of computing earnings per share, the weighted average number of shares of the Company for 1Q-2019 and 1Q-2018 had been computed using the share capital as at 1 July 2018 and 1 July 2017 adjusted for the share purchases of 1,155,900 shares and as weighted over 1Q-2019 and 1Q-2018 during which time such shares were outstanding, in arriving at the weighted average of 484,844,100 shares and 485,464,936 shares respectively.

<sup>(2)</sup> The basic and diluted earnings per share were the same as there were no dilutive instruments as at 30 September 2018 and 30 September 2017.

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	Audited	Unaudited	Audited
	As at 30.09.2018	As at 30.06.2018	As at 30.09.2018	As at 30.06.2018
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	1.5	1.6	1.9	1.9

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**

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

#### **Revenue**

The Group's revenue decreased by approximately S\$174,000 or 7.5% from S\$2.3 million in 1Q-2018 to S\$2.1 million in 1Q-2019.

Revenue from the Security Solutions Business decreased by approximately S\$93,000 or 11.8% from S\$785,000 in 1Q-2018 to S\$692,000 in 1Q-2019. This was mainly attributable to the decrease in the sales of security products to customers in the Rest of Southeast Asia<sup>(1)</sup>, Indochina<sup>(2)</sup>, East Asia<sup>(3)</sup> and Singapore of approximately S\$491,000, partially offset by the increase in demand for integrated security solutions in Singapore of S\$398,000

Revenue from the Maintenance and Leasing Business declined by approximately 5.3% or S\$81,000 from 1Q-2018 to S\$1.5 million in 1Q-2019 due mainly to the postponement of certain service schedules at the request of the customer.

#### **Cost of sales**

Cost of sales decreased by approximately S\$219,000 or 16.2% from S\$1.4 million in 1Q-2018 to S\$1.1 million in 1Q-2019. This was mainly due to the net decrease in direct material costs incurred due to the decline in the Group's turnover as well as bulk discounts on the purchase of direct materials.

#### **Gross profit**

Gross profit increased by approximately S\$45,000 or 4.7% from S\$967,000 in 1Q-2018 to S\$1.0 million in 1Q-2019 due to the factors discussed above.

#### **Other income**

Other income decreased by approximately S\$95,000 or 95.1% from S\$100,000 in 1Q-2018 to S\$5,000 in 1Q-2019. The decrease was mainly due to the decrease in government grants income of approximately S\$35,000, bad debts recovered of S\$30,000, insurance claim of S\$23,000 and miscellaneous income of approximately S\$7,000.

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

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

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

### **Administrative expenses**

Administrative expenses remained relatively stable at S\$1.3 million in 1Q-2018 and 1Q-2019.

### **Other operating expenses**

Other operating expenses increased by approximately S\$19,000 or 504.4% from S\$4,000 in 1Q-2018 to S\$22,000 in 1Q-2019. This was mainly due to the allowance for doubtful debts of S\$17,000 and bank charges of S\$1,000.

### **Finance income**

Finance income increased by approximately S\$15,000 or 303.6% from S\$5,000 in 1Q-2018 to S\$20,000 in 1Q-2019. This was mainly due to an increase in foreign exchange gain of S\$13,000 arising from trade receivables denominated in United States dollar attributable to the appreciation of the United States dollar against the Singapore dollar, and an increase in interest earned of S\$2,000.

### **Finance costs**

Finance costs decreased by approximately S\$32,000 or 79.6% from S\$41,000 in 1Q-2018 to S\$8,000 in 1Q-2019. This was mainly due to the absence in 1Q-2019 of foreign exchange loss of S\$31,000 recognised in 1Q-2018.

### **Tax credit**

In 1Q-2018 and 1Q-2019, the Group recorded a tax credit of S\$91,000 and S\$30,000 mainly due to unutilised tax losses carried forward in 1Q-2018 and 1Q-2019 respectively.

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

### **Current assets**

Current assets decreased by approximately S\$605,000 from S\$8.0 million as at 30 June 2018 to S\$7.3 million as at 30 September 2018. The decrease in current assets was mainly due to:-

- a) a decrease in inventories of approximately S\$101,000 mainly due to a decrease in the purchase of parts and components.
- b) a net decrease in trade and other receivables of S\$617,000 mainly due to the receipt of payment from customers;
- c) a decrease in contract assets of S\$50,000 mainly attributable to the decrease in amount due from contract customers upon project completion.

partially offset by:-

- d) an increase in cash and cash equivalents of S\$162,000

### **Non-current assets**

Non-current assets decreased by approximately S\$236,000 from S\$3.2 million as at 30 June 2018 to S\$3.0 million as at 30 September 2018. The decrease in non-current assets was due mainly to the net decrease in plant and equipment of S\$250,000 primarily attributable to depreciation charges; partially offset by an increase in deferred tax assets of S\$14,000.

### **Current liabilities**

Current liabilities decreased by approximately S\$515,000 from S\$3.3 million as at 30 June 2018 to S\$2.8 million as at 30 September 2018. The decrease in current liabilities was mainly due to:-

- a) the decrease in trade and other payables of S\$300,000 mainly due to payments made to suppliers of S\$248,000 and decrease in accruals of operating expenses of S\$52,000;
- b) the decrease in contract liabilities of S\$94,000 mainly due to delivery of services for which consideration had been received in advance previously.
- c) the repayment of bank borrowings of S\$121,000

### **Non-current liabilities**

Non-current liabilities decreased by approximately S\$20,000 from S\$86,000 as at 30 June 2018 to S\$66,000 as at 30 September 2018. This was due to repayment of finance lease amounting to S\$5,000 and decrease in deferred tax liabilities of S\$15,000.

### **Capital and reserves**

Capital and reserves decreased by approximately S\$305,000 from S\$7.8 million as at 30 June 2018 to S\$7.5 million as at 30 September 2018. This was due to losses for 1Q-2019 of S\$305,000.

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

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

In 1Q-2019, the net cash from operating activities was approximately S\$308,000, which consisted of operating cashflows before working capital changes of S\$55,000, net working capital inflow of S\$357,000, and interest received of S\$6,000.

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

- a) the net decrease in trade and other receivables of S\$601,000 mainly due to receipt of payment from customers;
- b) a decrease in inventories of approximately S\$101,000 mainly due to decrease in the purchase of parts and components;
- c) a decrease in contract assets of S\$50,000 mainly attributable to the decrease in amount due from contract customers upon project completion;
- d) a decrease in trade and other payables of S\$301,000 mainly due to payments made to suppliers of S\$248,000 and decrease in accruals of operating expenses of S\$52,000; and
- e) the decrease in contract liabilities of S\$94,000 mainly due to delivery of services for which consideration had been received in advance previously.

#### **Net cash used in investing activities**

Net cash used in investing activities amounted to approximately S\$15,000 in 1Q-2019, which was due to the purchase of plant and equipment of S\$15,000.

## **Net cash used in financing activities**

Net cash used in financing activities amounted to approximately S\$135,000 in 1Q-2019 which was mainly due to net repayment of bank borrowings and finance leases in aggregate of S\$126,000, and interest paid of S\$8,000.

### **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 existence of terrorism and political unrests in the news continues to heighten public awareness on safety and security matters. In the 5<sup>th</sup> ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) which was recently held in Singapore, ASEAN's Defence Ministers, in the first joint statement on Preventing and Countering the Threat of Terrorism, have condemned terrorism in all its forms and manifestations, and agreed to strengthen regional counter-terrorism cooperation.<sup>1</sup> This further shows the importance of security as an agenda item for governments within ASEAN.

While this backdrop will sustain demand for security solutions and be beneficial for the Group in the longer term, the operating and political environment that it operates in currently continues to be challenging. Political changes in certain governments have caused delays as Homeland Security projects are internally reviewed. This has had some effect on the Group in terms of certain contract purchase orders and new tenders being delayed which explained for the decrease in Group turnover and profitability.

In the meanwhile, the Group will continue to focus on meeting the security needs of current and future customers through the sourcing of cutting edge security products and solutions which can be integrated to enhance or replace current security systems. The Company will make the appropriate announcements in due course if any of these opportunities were to materialise and are significant.

### **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?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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<sup>1</sup> [https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2018/october/20oct18\\_nr2](https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2018/october/20oct18_nr2)

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

No dividend has been declared or recommended for 1Q-2019.

**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 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.

	<b>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)</b>	
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense) by:-</u>	<b>1Q-2019</b> <b>S\$</b>	<b>1Q-2018</b> <b>S\$</b>
IPS Realty Pte. Ltd.	(54,000)	(54,000)
IPS Group Pte. Ltd.	(18,615)	(14,748)

**14. 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.

**15. 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 1Q-2019 to be false or misleading in any material aspect.

By Order of the Board

Kelvin Lim Ching Song  
Executive Director and Group Chief Executive Officer  
7 November 2018