



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

**Unaudited Six-Month Financial Statements And Dividend Announcement For The Financial Period Ended 31 December 2020**

*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 Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.*

*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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**PART I - INFORMATION REQUIRED FOR HALF-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>1H-2021 <sup>(1)</sup></b>	<b>1H-2020 <sup>(2)</sup></b>	<b>Increase/ (Decrease)</b>
	<b>S\$</b>	<b>S\$</b>	<b>% change</b>
<b>Revenue</b>	3,966,586	8,819,376	(55.0)
<b>Cost of sales</b>	(1,928,009)	(5,190,018)	(62.9)
<b>Gross profit</b>	2,038,577	3,629,358	(43.8)
<b>Other operating income</b>	494,842	29,028	1,604.7
<b>Administrative expenses</b>	(2,479,684)	(2,679,131)	(7.4)
<b>Other operating expenses</b>	(37,673)	(156,241)	(75.9)
<b>Finance income</b>	1,297	54,880	(97.6)
<b>Finance costs</b>	(138,872)	(46,364)	199.5
<b>(Loss)/Profit before tax</b>	(121,513)	831,530	NM
<b>Tax credit/(expense)</b>	19,342	(63,220)	NM
<b>(Loss)/Profit for the period, representing total comprehensive (loss)/income for the period</b>	(102,171)	768,310	NM

NM denotes not meaningful.

**Notes:**

- (1) "1H-2021" refers to the half year ended 31 December 2020.  
 (2) "1H-2020" refers to the half year ended 31 December 2019.

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

	Group Unaudited		
	1H-2021	1H-2020	Increase/ (Decrease) % change
	S\$	S\$	
<b>After charging:</b>			
Depreciation of plant and equipment	(414,433)	(429,943)	(3.6)
Inventories written off	-	(13,482)	NM
Rental expense	(102,952)	(111,792)	(7.9)
Allowance for doubtful debts (net)	-	(125,195)	NM
Allowance for inventories obsolescence	(23,559)	(9,572)	146.1
Interest expense	(73,371)	(46,364)	58.2
Foreign exchange loss (net)	(65,501)	-	NM
Finance costs	(138,872)	(46,364)	199.5
<b>and crediting:</b>			
Gain on disposal of plant and equipment	654	-	NM
Miscellaneous income	2,032	12,184	(83.3)
Bad debts recovered	-	10,165	NM
Write-back of allowance for doubtful debts	1,779	-	NM
Government grant and subsidies	490,377	6,679	7,242.1
Other income	494,842	29,028	1,604.7
Foreign exchange gain (net)	-	51,327	NM
Interest income	1,297	3,553	(63.5)
Finance income	1,297	54,880	(97.6)

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 31.12.2020 S\$	Audited As at 30.06.2020 S\$	Unaudited As at 31.12.2020 S\$	Audited As at 30.06.2020 S\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10,218,134	4,128,203	153,773	141,251
Trade and other receivables	3,527,720	5,148,913	2,012,078	2,173,512
Loans to subsidiary corporation	-	-	1,343,402	1,429,576
Inventories	5,023,526	1,628,538	-	-
Contract costs	240,508	213,441	-	-
Contract assets	124,705	882,154	-	-
<b>Total current assets</b>	<b>19,134,593</b>	<b>12,001,249</b>	<b>3,509,253</b>	<b>3,744,339</b>
<b>Non-current assets</b>				
Investment in subsidiary corporations	-	-	5,344,199	5,344,199
Plant and equipment	997,264	1,390,083	-	-
Other investments	7,605	7,605	-	-
	<b>1,004,869</b>	<b>1,397,688</b>	<b>5,344,199</b>	<b>5,344,199</b>
<b>Total assets</b>	<b>20,139,462</b>	<b>13,398,937</b>	<b>8,853,452</b>	<b>9,088,538</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	4,052,362	2,381,367	280,863	462,170
Contract liabilities	2,397,583	1,620,535	-	-
Lease liability	7,580	18,151	-	-
Bank borrowings	318,618	23,545	-	-
Income tax payable	72,855	87,843	-	-
<b>Total current liabilities</b>	<b>6,848,998</b>	<b>4,131,441</b>	<b>280,863</b>	<b>462,170</b>
<b>Non-current liabilities</b>				
Bank borrowings	4,681,382	476,455	-	-
Lease liability	2,526	34,507	-	-
Deferred tax liabilities	125,123	172,930	-	-
	<b>4,809,031</b>	<b>683,892</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	(245,121)	(142,950)	(953,964)	(900,185)
	<b>8,481,433</b>	<b>8,583,604</b>	<b>8,572,589</b>	<b>8,626,368</b>
<b>Total liabilities and equity</b>	<b>20,139,462</b>	<b>13,398,937</b>	<b>8,853,452</b>	<b>9,088,538</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 31.12.2020		As at 30.06.2020	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	326,198	-	41,696	-
Amount repayable after one year	4,683,908	-	510,962	-
	<u>5,010,106</u>	<u>-</u>	<u>552,658</u>	<u>-</u>

Details of the collaterals:

The Group's bank borrowings are secured by corporate guarantees provided by IPS Securex Holdings Limited. The Group's lease liability 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</b>	
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>1H-2021</b>	<b>1H-2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Operating activities</b>		
Loss/(Profit) before tax	(121,513)	831,530
Adjustments for:		
Interest income	(1,297)	(3,553)
Interest expense	73,371	46,364
Depreciation of plant and equipment	414,433	429,943
Gain on disposal of plant and equipment	(654)	-
Inventories written off	-	13,482
Allowance for inventories obsolescence	23,559	9,572
(Write-back of)/Allowance for doubtful debts (net)	(1,779)	125,195
Net foreign exchange loss	55,300	2,174
Operating cash flows before working capital changes	441,420	1,454,707
Trade and other receivables	1,623,106	(1,402,441)
Inventories	(3,418,547)	(2,867,723)
Contract costs	(27,067)	(533,492)
Contract assets	757,449	(36,125)
Trade and other payables	(463,907)	829,872
Contract liabilities	777,048	616,103
Cash used in operations	(310,498)	(1,939,099)
Interest received	14	3,063
Income tax paid	(43,453)	-
<b>Net cash used in operating activities</b>	<b>(353,937)</b>	<b>(1,936,036)</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(21,614)	(18,223)
Proceeds from disposal of plant and equipment	654	-
<b>Net cash used in investing activities</b>	<b>(20,960)</b>	<b>(18,223)</b>
<b>Financing activities</b>		
Interest paid	(52,221)	(10,635)
Proceeds from bank borrowings	4,500,000	-
Repayments of lease liabilities	(42,552)	(9,076)
Increase in trade financing facilities	2,130,442	2,660,173
Restricted cash released	-	740,831
<b>Net cash from financing activities</b>	<b>6,535,669</b>	<b>3,381,293</b>
Net increase in cash and cash equivalents	<b>6,160,772</b>	<b>1,427,034</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies	(71,897)	(7,727)
Cash and cash equivalents at beginning of the period	2,595,621	2,370,299
<b>Cash and cash equivalents at end of the period</b>	<b>8,684,496</b>	<b>3,789,606</b>
Cash and cash equivalents in the Group's cash flow statements comprise the following:		
Cash at bank and on hand	8,684,496	3,789,606
Restricted cash and fixed deposit pledged	1,533,638	758,000
Cash and cash equivalents in the statement of financial position at end of the period	<b>10,218,134</b>	<b>4,547,606</b>

- 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**

<b>S\$</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Capital reserves</b>	<b>Accumulated profit/(losses)</b>	<b>Total</b>
<b>Group</b>					
Balance at 1 July 2020	9,405,906	(89,353)	(589,999)	(142,950)	8,583,604
<b>Total comprehensive loss for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(102,171)	(102,171)
Balance at 31 December 2020	9,405,906	(89,353)	(589,999)	(245,121)	8,481,433
Balance at 1 July 2019	9,405,906	(89,353)	(589,999)	(2,179,534)	6,547,020
<b>Total comprehensive income for the period</b>					
Profit for the period, representing total comprehensive income for the period	-	-	-	768,310	768,310
Balance at 31 December 2019	9,405,906	(89,353)	(589,999)	(1,411,224)	7,315,330
<b>Company</b>					
Balance at 1 July 2020	9,405,906	(89,353)	210,000	(900,185)	8,626,368
<b>Total comprehensive loss for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(53,779)	(53,779)
Balance at 31 December 2020	9,405,906	(89,353)	210,000	(953,964)	8,572,589
Balance at 1 July 2019	9,405,906	(89,353)	210,000	(521,651)	9,004,902
<b>Total comprehensive loss for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(124,884)	(124,884)
Balance at 31 December 2019	9,405,906	(89,353)	210,000	(646,535)	8,880,018

**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.**

There were no outstanding convertibles and subsidiary holdings held by the Company as at 31 December 2020 and 31 December 2019. The number of shares held as treasury shares as at 31 December 2020 and 31 December 2019 is 1,155,900 treasury shares. The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 31 December 2020 and 31 December 2019 is 0.24%.

**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	
	31.12.2020	30.06.2020
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.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 financial statements for 1H-2021 as that of the audited financial statements for the year ended 30 June 2020, except for the following new Singapore Financial Reporting Standards (International) ("SFRS(I)s"), amendments and interpretations of SFRS(I)s which took effect from the financial year beginning 1 July 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)*
- *SFRS(I) 17 Insurance Contracts*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

**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.**

	Group Unaudited	
	1H-2021	1H-2020
(Loss)/earnings per ordinary share ("EPS")		
(Loss)/Profit attributable to owners of the Company (S\$)	(102,171)	768,310
Weighted average number of ordinary shares	484,844,100	484,844,100
(Loss)/Earnings per share - Basic and diluted (cents) <sup>(1)</sup>	<u>(0.02)</u>	<u>0.16</u>

**Notes:**

<sup>(1)</sup> The basic and diluted (loss)/earnings per share were the same as there were no dilutive instruments as at 31 December 2019 and 31 December 2020.

**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 31.12.2020	As at 30.06.2020	As at 31.12.2020	As at 30.06.2020
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	1.7	1.8	1.8	1.8

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\$4.9 million or 55.0% from S\$8.8 million in 1H-2020 to S\$4.0 million in 1H-2021.

Revenue from the Security Solutions Business decreased by approximately S\$4.8 million or 80.0% from S\$6.0 million in 1H-2020 to S\$1.2 million in 1H-2021. This was mainly attributable to (i) the absence of revenue in 1H-2021 from the sale of security products to customers in Singapore of S\$132,000, in Indochina<sup>(1)</sup> of S\$70,000, in Rest of Southeast Asia<sup>(2)</sup> of S\$142,000, and in East Asia<sup>(3)</sup> of S\$151,000 and partially offset by an increase from the sale of security products to customers in Others<sup>(4)</sup> of S\$2,000; and (ii) a decrease in revenue from providing integrated security solutions in Singapore of S\$2.7 million, and in the Rest of Southeast Asia<sup>(2)</sup> of S\$1.6 million.

Revenue from the Maintenance and Leasing Business decreased by approximately S\$30,000 or 1.0% in 1H-2021. This was mainly attributable to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$169,000, a decrease in revenue from the provision of maintenance support services to a customer in Singapore due to the decommissioning of an existing system of S\$174,000, the non-renewal of maintenance contract with a customer in Indochina<sup>(1)</sup> of S\$70,000, and partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia<sup>(2)</sup> of S\$383,000.

#### **Cost of sales**

Cost of sales decreased by approximately S\$3.3 million or 62.9% from S\$5.2 million in 1H-2020 to S\$1.9 million in 1H-2021. This was mainly due to the net decrease in direct material costs incurred due to the decline in the Group's turnover.

#### **Gross profit**

Gross profit decreased by approximately S\$1.6 million or 43.8% from S\$3.6 million in 1H-2020 to S\$2.0 million in 1H-2021 as a result of the factors discussed above.

#### **Other operating income**

Other operating income increased by approximately S\$466,000 from S\$29,000 in 1H-2020 to S\$495,000 in 1H-2021. This was mainly due to the increase in government grants and subsidies of S\$483,000, an increase in gain on disposal of plant and equipment of S\$1,000, an increase in write-back of allowance for doubtful

debts of S\$2,000, and partially offset by the absence of bad debts recovered of S\$10,000 which was recognised in 1H-2020, and a decrease in miscellaneous income of S\$10,000.

**Notes:**

- (1) "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.
- (2) "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.
- (3) "East Asia" includes China, Hong Kong and South Korea.
- (4) "Others" includes Australia and United States of America

**Administrative expenses**

Administrative expenses decreased by approximately S\$199,000 or 7.4% from S\$2.7 million in 1H-2020 to S\$2.5 million in 1H-2021. This was mainly due to the decrease in employees' remuneration and benefit expenses of S\$144,000 primarily as a result of a decrease in staff headcount, decrease in distribution and marketing expenses of S\$40,000 and decrease in office related expenses of S\$15,000.

**Other operating expenses**

Other operating expenses decreased by approximately S\$119,000 or 75.9% from S\$156,000 in 1H-2020 to S\$38,000 in 1H-2021. This was mainly due to the absence of allowance for doubtful debts of S\$125,000 provided for in 1H-2020 and absence of inventory written off of S\$14,000 recognised in 1H-2020, and partially offset by an increase in allowance for inventories obsolescence of S\$14,000, and bank charges of S\$6,000.

**Finance income**

Finance income decreased by approximately S\$54,000 or 97.6% from S\$55,000 in 1H-2020 to S\$1,000 in 1H-2021. This was mainly due to an absence in 1H-2021 of net foreign exchange gain of S\$51,000 arising from the settlement of trade payables denominated in United States dollar attributable to the depreciation of the United States dollar which occurred in 1H-2020 against the Singapore dollar and a decrease in interest earned from bank of S\$2,000.

**Finance costs**

Finance costs increased by approximately S\$93,000 or 199.5% from S\$46,000 in 1H-2020 to S\$139,000 in 1H-2021. This was mainly due to the net increase in interest expense incurred on higher utilisation of credit facilities of S\$27,000 and an increase in foreign exchange loss (net) of S\$66,000.

**Tax credit/(expense)**

Tax expense decreased by approximately S\$82,000 from a tax expense of S\$63,000 in 1H-2020 to a tax credit of \$19,000 in 1H-2021 resulting from the reversal of a temporary difference arising from depreciation in plant and equipment which exceeded current tax expenses.

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

**Current assets**

Current assets increased by approximately S\$7.1 million from S\$12.0 million as at 30 June 2020 to S\$19.1 million as at 31 December 2020. The increase in current assets was mainly due to:

- (i) an increase in cash and cash equivalents of S\$6.1 million;
- (ii) an increase in inventories of S\$3.4 million arising from an increase in the purchase of parts and components;

- (iii) an increase in contract costs of S\$27,000 mainly attributable to an increase in costs incurred to fulfil the Group's obligations under contracts where it had yet to transfer the goods and services to its customers;  
partially offset by:
- (iv) a net decrease in trade and other receivables of S\$1.6 million mainly due to receipt of payment from customers of S\$1.6 million; and
- (v) a decrease in contract assets of S\$757,000 mainly due to an increase in billing upon the completion of projects.

### **Non-current assets**

Non-current assets decreased by approximately S\$393,000 from S\$1.4 million as at 30 June 2020 to S\$1.0 million as at 31 December 2020. The decrease in non-current assets was due to depreciation charges of \$415,000, partially offset by the purchase of plant and equipment of S\$22,000.

### **Current liabilities**

Current liabilities increased by approximately S\$2.7 million from S\$4.1 million as at 30 June 2020 to S\$6.8 million as at 31 December 2020. The increase in current liabilities was mainly due to:

- (i) an increase in trade and other payables of S\$1.7 million mainly attributable to an increase in trade financing facilities of S\$2.1 million and partially offset by a decrease in accrual of operating expenses of S\$268,000 and settlement of amount payable to suppliers of S\$190,000;
- (ii) an increase in contract liabilities of S\$777,000 due to advanced consideration received from customers in Singapore in relation to the provision of integrated security solutions;
- (iii) an increase in bank borrowings of S\$295,000 mainly arising from the loan secured by the Group which had been utilised for general corporate purposes;

partially offset by:

- (iv) a decrease in income tax payable of S\$15,000 mainly attributable to the payment of taxes of S\$43,000 which was offset by current tax expense of S\$28,000; and
- (v) repayment of lease liabilities of S\$11,000.

### **Non-current liabilities**

Non-current liabilities increased by approximately S\$4.1 million from S\$684,000 as at 30 June 2020 to S\$4.8 million as at 31 December 2020. This was due to an increase in bank borrowings of S\$4.2 million arising from the loan secured by the Group for general corporate purposes, and partially offset by a decrease in deferred tax liabilities of S\$48,000 due to the timing differences between the tax and accounting depreciation of the plant and equipment that the Group owns, and the repayment of lease liabilities of S\$32,000.

### **Capital and reserves**

Capital and reserves decreased by approximately S\$102,000 from S\$8.6 million as at 30 June 2020 to S\$8.5 million as at 31 December 2020. This was mainly due to losses incurred in 1H-2021.

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

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

In 1H-2021, the net cash used in operating activities was approximately S\$354,000, which consisted of operating cashflow before working capital changes of S\$441,000, net working capital outflow of S\$752,000, and income tax payment of S\$43,000

The net working capital outflow arose mainly from the following:

- (i) a net decrease in trade and other receivables of S\$1.6 million due to receipt of payment from customers;
- (ii) an increase in inventories of S\$3.4 million arising from an increase in the purchase of parts and components;
- (iii) an increase in contract costs of S\$27,000 mainly attributable to an increase in costs incurred to fulfil the Group's obligations under contracts where it had yet to transfer the goods and services to its customers;
- (iv) a decrease in contract assets of S\$757,000 mainly due to an increase in billings upon the completion of projects;
- (v) a decrease in trade and other payables of S\$464,000 mainly attributable to a decrease in accrual of operating expenses of S\$268,000 and settlement of amount payable to suppliers of S\$190,000; and
- (vi) an increase in contract liabilities of S\$777,000 due to advanced consideration received from customers in Singapore in relation to the provision of integrated security solutions.

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

Net cash used in investing activities amounted to approximately S\$21,000 in 1H-2021 mainly arising from the purchase of plant and equipment.

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

Net cash from financing activities amounted to approximately S\$6.5 million in 1H-2021. This was mainly due to the proceeds from bank borrowings for general corporate purposes of S\$4.5 million and an increase in trade financing facilities of S\$2.1 million which was partially offset by the repayment of lease liabilities of S\$43,000 and interest paid of S\$52,000.

## **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 ongoing COVID-19 pandemic continues to disrupt social normalcy, as second and impending waves of infections and virus mutations continue to threaten countries all over the world. This situation has left governments focusing and prioritising their resources in dealing with the pandemic, be it trying out new vaccines or instituting new restrictions and lockdowns to contain local outbreaks.

Whilst dealing with the impact of COVID-19 pandemic, defence and security still remain as top priorities for countries and states because the COVID-19 pandemic has also highlighted various vulnerabilities with regard to disruptions of supply chains, protection of personnel, and how to maintain operational readiness

as resources and personnel are increasingly strained.<sup>1</sup> At the same time, the COVID-19 pandemic has also created more political unrests due to citizens protesting about the severity of lockdowns<sup>2</sup>. On top of this, not only is there an ongoing threat of terrorism, there are fears about the possibility of terrorists exploiting the situation.<sup>3</sup>

As Singapore enters into Phase 3 of the Circuit Breaker ("CB"), rules and regulations are slowly easing to allow businesses to return to a certain level of normalcy. In particular, previous and potential projects and tenders which were previously on hold because of the COVID-19 situation and which had affected our results of operations in 1H-2021 are slowly re-starting and kick-starting for different industries such as construction, which started to resume operations in the September-October 2020 period. However, social distancing and various COVID-19 safety measures are still expected to be adhered to and this places some strain on work processes and manpower allocation.

Despite governments all over the world phasing the COVID-19 vaccination for their citizens, uncertainties continue to cloud the overall economy. Nevertheless, the Group will continue to proactively engage its current and potential customers in discussions in understanding their situation and needs in the COVID-19 pandemic, and see how the Group's security products and solutions which are supported by quality maintenance services, can meet these needs and requirements.

## 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.

## 12. 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-2021 in light of the net loss recorded for 1H-2021 and the need to conserve cash due to the uncertain economy caused by the COVID-19 pandemic which is still rapidly evolving and surging in many parts of the world.

## 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.

<sup>1</sup> <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/covid-19/covid-19-s-impact-on-the-defense--security--and-justice-sector-.html>

<sup>2</sup> <https://www.worldpoliticsreview.com/articles/29137/amid-the-covid-19-pandemic-protest-movements-challenge-lockdowns-worldwide>

<sup>3</sup> <https://news.un.org/en/story/2020/11/1077932>

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 human resources, administration support and rental expense) by:-</u>	<b>1H-2021 S\$</b>	<b>1H-2020 S\$</b>
IPS Realty Pte. Ltd.	(100,379)	(108,000)
IPS Group Pte. Ltd.	(38,964)	(38,622)

#### **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 1H-2021 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  
09 February 2021