

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS**

## Issuer &amp; Securities

## Issuer/ Manager

IPS SECUREX HOLDINGS LIMITED

## Securities

IPS SECUREX HOLDINGS LIMITED - SG1BJ0000005 - 42N

## Stapled Security

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Kelvin Lim Ching Song

## Designation

Executive Director and Group Chief Executive Officer

## Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached.

## Additional Details

## For Financial Period Ended

30/06/2022

## Attachments

[IPS - FY2022 Results Announcement.pdf](#)[IPS - FY2022 Results Press Release.pdf](#)

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

**Condensed interim financial statements  
For the six months and full year ended  
30 June 2022**

*This announcement has been prepared by IPS Securex Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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## A. Consolidated interim statements of profit or loss and other comprehensive income

		The Group					
		Unaudited 2H-2022 <sup>(1)</sup>	Unaudited 2H-2021 <sup>(2)</sup>	Increase/ (Decrease) % change	Unaudited FY2022 <sup>(3)</sup>	Audited FY2021 <sup>(4)</sup>	Increase/ (Decrease) % change
Note	S\$	S\$	%	S\$	S\$	%	
<b>Revenue</b>	3.2	6,860,050	4,725,406	45.2	15,767,560	8,691,992	81.4
Cost of sales		(4,144,259)	(2,628,515)	57.7	(9,996,476)	(4,556,524)	119.4
<b>Gross profit</b>		2,715,791	2,096,891	29.5	5,771,084	4,135,468	39.6
Other income	5.1	118,055	467,881	(74.8)	309,336	962,723	(67.9)
Administrative expenses		(2,709,770)	(2,392,159)	13.3	(5,387,235)	(4,871,843)	10.6
Other operating expenses		(392,837)	(59,635)	558.7	(283,937)	(97,308)	191.8
Finance income	5.1	13,517	50,333	(73.1)	15,267	2,290	566.7
Finance costs	5.1	(64,575)	(68,248)	(5.4)	(129,391)	(157,780)	(18.0)
<b>(Loss)/Profit before income tax</b>	5.1	(319,819)	95,063	N.M	295,124	(26,450)	N.M
Income tax credit/(expense)	6	24,541	102,545	(76.1)	(31,673)	121,887	N.M
<b>(Loss)/Profit for the year, representing total comprehensive income for the year</b>		<b>(295,278)</b>	<b>197,608</b>	<b>N.M</b>	<b>263,451</b>	<b>95,437</b>	<b>176.0</b>
<b><u>(Loss)/Earnings per share for profit attributable to the owners of the Company during the period</u></b>							
Basic and diluted (cents) <sup>(4)</sup>		(0.06)	0.04		0.05	0.02	

### Notes:

(1) "2H-2022" refers to the second half year ended 30 June 2022.

(2) "2H-2021" refers to the second half year ended 30 June 2021.

(3) "FY" refers to the financial year ended 30 June.

(4) The basic and diluted earnings per share were the same as there were no dilutive instruments as at 30 June 2021 and 30 June 2022.

## B. Consolidated interim statements of financial position

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		As at 30.06.2022	As at 30.06.2021	As at 30.06.2022	As at 30.06.2021
		S\$	S\$	S\$	S\$
<b>ASSETS</b>					
<b>Current assets</b>					
Restricted fixed deposits		470,145	1,421,147	-	-
Inventories	9	2,724,338	5,098,689	-	-
Contract assets		314,048	165,569	-	-
Contract costs		56,983	764,232	-	-
Trade and other receivables	8	4,716,546	2,765,298	2,216,059	2,254,128
Loans to subsidiaries		-	-	1,029,072	1,025,103
Current tax recoverable		-	40,143	-	-
Cash and cash equivalents		8,481,479	6,730,659	153,090	160,007
<b>Total current assets</b>		<b>16,763,539</b>	<b>16,985,737</b>	<b>3,398,221</b>	<b>3,439,238</b>
<b>Non-current assets</b>					
Investment in subsidiaries	10	-	-	4,000,039	4,000,039
Plant and equipment	11	165,691	628,440	-	-
Other investments		7,605	7,605	-	-
		<b>173,296</b>	<b>636,045</b>	<b>4,000,039</b>	<b>4,000,039</b>
<b>Total assets</b>		<b>16,936,835</b>	<b>17,621,782</b>	<b>7,398,260</b>	<b>7,439,277</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	12	3,275,460	2,070,487	291,389	247,620
Contract liabilities		767,145	1,857,506	-	-
Lease liabilities	13	10,011	9,547	-	-
Bank borrowings	13	1,234,020	1,044,805	-	-
Income tax payable		114,339	-	-	-
<b>Total current liabilities</b>		<b>5,400,975</b>	<b>4,982,345</b>	<b>291,389</b>	<b>247,620</b>
<b>Non-current liabilities</b>					
Bank borrowings	13	2,561,772	3,836,123	-	-
Lease liabilities	13	30,106	40,117	-	-
Deferred tax liabilities		1,490	84,156	-	-
		<b>2,593,368</b>	<b>3,960,396</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>					
Share capital	14	9,405,906	9,405,906	9,405,906	9,405,906
Treasury shares		(89,353)	(89,353)	(89,353)	(89,353)
Capital reserves		(589,999)	(589,999)	210,000	210,000
Accumulated profits/(losses)		215,938	(47,513)	(2,419,682)	(2,334,896)
		<b>8,942,492</b>	<b>8,679,041</b>	<b>7,106,871</b>	<b>7,191,657</b>
<b>Total liabilities and equity</b>		<b>16,936,835</b>	<b>17,621,782</b>	<b>7,398,260</b>	<b>7,439,277</b>

## C. Consolidated interim statements of changes in equity

S\$ Group	Share capital	Treasury shares	Capital reserves	Accumulated profits/(losses)	Total
Balance at 1 July 2021	9,405,906	(89,353)	(589,999)	(47,513)	8,679,041
<b>Total comprehensive income for the year</b>					
Profit for the year, representing total comprehensive income for the year	-	-	-	263,451	263,451
Balance at 30 June 2022	9,405,906	(89,353)	(589,999)	215,938	8,942,492
Balance at 1 July 2020	9,405,906	(89,353)	(589,999)	(142,950)	8,583,604
<b>Total comprehensive income for the year</b>					
Profit for the year, representing total comprehensive income for the year	-	-	-	95,437	95,437
Balance at 30 June 2021	9,405,906	(89,353)	(589,999)	(47,513)	8,679,041
<b>Company</b>					
Balance at 1 July 2021	9,405,906	(89,353)	210,000	(2,334,896)	7,191,657
<b>Total comprehensive loss for the year</b>					
Loss for the year, representing total comprehensive loss for the year	-	-	-	(84,786)	(84,786)
Balance at 30 June 2022	9,405,906	(89,353)	210,000	(2,419,682)	7,106,871
Balance at 1 July 2020	9,405,906	(89,353)	210,000	(900,185)	8,626,368
<b>Total comprehensive loss for the year</b>					
Loss for the year, representing total comprehensive loss for the year	-	-	-	(1,434,711)	(1,434,711)
Balance at 30 June 2021	9,405,906	(89,353)	210,000	(2,334,896)	7,191,657

## D. Consolidated interim statements of cash flows

	Note	Group	
		Unaudited FY2022 S\$	Audited FY2021 S\$
<b>Operating activities</b>			
Profit/(Loss) before tax		295,124	(26,450)
Adjustments for:			
Interest income	5.1	(1,036)	(2,290)
Interest expense	5.1	129,391	141,619
Depreciation of plant and equipment	5.1	483,238	813,986
Gain on disposal of plant and equipment	5.1	(8,461)	(654)
Gain on modification of lease	5.1	-	(1,127)
Inventories written off	5.1	59,734	99
Impairment of plant and equipment	5.1	-	30,446
Allowance for inventory obsolescence	5.1	22,665	48,963
Allowance/(Write-back) of allowance for doubtful debts (net)	5.1	174,679	(44,883)
Net foreign exchange (gain)/loss - unrealised		(31,782)	26,312
Operating cash flows before working capital changes		1,123,552	986,021
Inventories		2,291,504	(3,519,213)
Contract assets		(148,479)	716,585
Contract cost		707,249	(550,791)
Trade and other receivables		(2,121,984)	2,431,295
Trade and other payables		44,451	(88,971)
Contract liabilities		(1,090,361)	236,971
Cash generated from operations		805,932	211,897
Taxes refund/(paid)		40,143	(94,873)
Interest received		9	20
<b>Net cash from operating activities</b>		<b>846,084</b>	<b>117,044</b>
<b>Investing activities</b>			
Purchase of plant and equipment		(94,759)	(37,891)
Proceeds from disposal of plant and equipment		83,179	654
<b>Net cash used in investing activities</b>		<b>(11,580)</b>	<b>(37,237)</b>
<b>Financing activities</b>			
Interest paid		(123,005)	(142,125)
Proceeds from bank borrowings		-	4,500,000
Repayments of bank borrowings		(1,085,136)	(119,072)
Payments of lease liabilities		(9,547)	(46,765)
Increase/(Decrease) in trade financing facilities		1,145,031	(216,220)
Restricted fixed deposits released		1,404,431	-
Restricted fixed deposits pledged		(452,000)	(2,497)
<b>Net cash from financing activities</b>		<b>879,774</b>	<b>3,973,321</b>
Net increase in cash and cash equivalents		1,714,278	4,053,128
Effect of exchange rate changes on the balance of cash held in foreign currencies		36,542	(32,022)
Cash and cash equivalents at beginning of the year		6,616,727	2,595,621
<b>Cash and cash equivalents at end of the year</b>		<b>8,367,547</b>	<b>6,616,727</b>
Cash and cash equivalents in the Group's statement of cash flows		8,367,547	6,616,727
Restricted cash pledged		113,932	113,932
Cash and cash equivalents at end of the year in the statements of financial position		8,481,479	6,730,659

## E. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

IPS Securex Holdings Limited (the “Company”) is incorporated in the Republic of Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited. These condensed consolidated financial statements as at and for the six months and year ended 30 June 2022 comprise the Company and its subsidiaries (collectively as the “Group”).

The principal activities of the Company are that of an investment holding company, business and management consultancy services, provision of services and trading of security products.

The principal activities of the Group are:

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

### 2. Basis of Preparation

The condensed interim financial statements for the six months and year ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1. The condensed financial statements are presented in Singapore dollar which is the Company’s functional currency.

#### 2.1 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- SFRS(I) 17 *Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*



## **2.2 Use of judgements and estimates**

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## **3. Segment and revenue information**

The Group is organised into the following main business segments:

- Security solutions; and
- Maintenance and leasing.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Executive Officer (Chief Operating Decision Maker), who is responsible for allocating resources and assessing performance of the operating segments.

### 3.1 Reportable Segments

	Security solutions		Maintenance and leasing		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	11,475,254	3,619,408	4,292,306	5,072,584	15,767,560	8,691,992
Inter-segment revenue	-	16,478	349,600	221,848	349,600	238,326
Interest income	1,000	2,243	27	-	1,027	2,243
Interest expense	(15,698)	(37,143)	(55)	(562)	(15,753)	(37,705)
Depreciation	-	-	(379,300)	(578,028)	(379,300)	(578,028)
(Allowance)/Write back on allowance for doubtful debts	(173,427)	45,056	(1,252)	(173)	(174,679)	44,883
Reportable segment profit before tax	<u>2,469,515</u>	<u>773,630</u>	<u>2,910,094</u>	<u>3,249,081</u>	<u>5,379,609</u>	<u>4,022,711</u>
Reportable segment assets	<u>6,782,968</u>	<u>9,102,025</u>	<u>1,445,848</u>	<u>1,339,878</u>	<u>8,228,816</u>	<u>10,441,903</u>
Reportable segment liabilities	<u>(2,321,704)</u>	<u>(2,947,229)</u>	<u>(1,025,182)</u>	<u>(395,727)</u>	<u>(3,346,886)</u>	<u>(3,342,956)</u>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items		
	FY2022	FY2021
	S\$	S\$
<b>Revenues</b>		
Total revenue for reportable segments	16,117,160	8,930,318
Elimination of inter-segment revenue	(349,600)	(238,326)
Consolidated revenue	<u>15,767,560</u>	<u>8,691,992</u>
<b>Profit or loss</b>		
Total profit for reportable segments	5,379,609	4,022,711
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	309,336	917,840
- Administrative expenses	(5,267,565)	(4,798,629)
- Other operating expenses	(26,858)	(48,344)
- Net finance (costs)/income	(99,398)	(120,028)
Consolidated profit/(loss) before tax	<u>295,124</u>	<u>(26,450)</u>
<b>Assets</b>		
Total assets for reportable segments	8,228,816	10,441,903
Unallocated amounts:		
- Plant and equipment	165,691	249,140
- Cash and cash equivalents	8,367,547	6,616,727
- Current tax recoverable	-	40,143
- Others	174,781	273,869
Consolidated total assets	<u>16,936,835</u>	<u>17,621,782</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	(3,346,886)	(3,342,956)
Unallocated amounts:		
- Bank borrowings	(3,795,792)	(4,880,928)
- Lease liabilities	(40,117)	(49,664)
- Other payables	(695,719)	(585,037)
- Deferred tax liabilities	(1,490)	(84,156)
- Income tax payable	(114,339)	-
Consolidated total liabilities	<u>(7,994,343)</u>	<u>(8,942,741)</u>

	Security solutions		Maintenance and leasing		Total	
	2H-2022	2H-2021	2H-2022	2H-2021	2H-2022	2H-2021
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	4,721,719	2,464,894	2,138,331	2,260,512	6,860,050	4,725,406
Inter-segment revenue	-	3,703	174,800	135,865	174,800	139,568
Interest income	255	960	14	-	269	960
Interest expense	(11,531)	(5,127)	(9)	(49)	(11,540)	(5,176)
Depreciation	-	-	(90,286)	(289,014)	(90,286)	(289,014)
(Allowance)/Write back on allowance for doubtful debts	(310,148)	43,104	(2,408)	-	(312,556)	43,104
Reportable segment profit before tax	<u>787,187</u>	<u>574,521</u>	<u>1,486,399</u>	<u>1,501,541</u>	<u>2,273,586</u>	<u>2,076,062</u>
Reportable segment assets	<u>6,782,968</u>	<u>9,102,025</u>	<u>1,445,848</u>	<u>1,339,878</u>	<u>8,228,816</u>	<u>10,441,903</u>
Reportable segment liabilities	<u>(2,321,704)</u>	<u>(2,947,229)</u>	<u>(1,025,182)</u>	<u>(395,727)</u>	<u>(3,346,886)</u>	<u>(3,342,956)</u>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items		
	2H-2022	2H-2021
	S\$	S\$
<b>Revenues</b>		
Total revenue for reportable segments	7,034,850	4,864,974
Elimination of inter-segment revenue	<u>(174,800)</u>	<u>(139,568)</u>
Consolidated revenue	<u>6,860,050</u>	<u>4,725,406</u>
<b>Profit or loss</b>		
Total profit for reportable segments	2,273,586	2,076,062
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	118,055	424,777
- Administrative expenses	(2,665,339)	(2,357,846)
- Other operating expenses	(6,334)	(34,231)
- Net finance costs	<u>(39,787)</u>	<u>(13,699)</u>
Consolidated (loss)/profit before tax	<u>(319,819)</u>	<u>95,063</u>
<b>Assets</b>		
Total assets for reportable segments	8,228,816	10,441,903
Unallocated amounts:		
- Plant and equipment	165,691	249,140
- Cash and cash equivalents	8,367,547	6,616,727
- Current tax recoverable	-	40,143
- Others	<u>174,781</u>	<u>273,869</u>
Consolidated total assets	<u>16,936,835</u>	<u>17,621,782</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	(3,346,886)	(3,342,956)
Unallocated amounts:		
- Bank borrowings	(3,795,792)	(4,880,928)
- Lease liabilities	(40,117)	(49,664)
- Other payables	(695,719)	(585,038)
- Deferred tax liabilities	(1,490)	(84,156)
- Income tax payable	<u>(114,339)</u>	<u>-</u>
Consolidated total liabilities	<u>(7,994,343)</u>	<u>(8,942,742)</u>

### 3.2 Disaggregation of Revenue

	Security solutions		Maintenance and leasing		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Geographical markets</b>						
Singapore	10,878,225	3,373,862	2,981,934	3,809,955	13,860,159	7,183,817
Indochina <sup>(1)</sup>	38,688	53,512	-	-	38,688	53,512
Rest of Southeast Asia <sup>(2)</sup>	556,584	1,769	1,310,372	1,262,629	1,866,956	1,264,398
East Asia <sup>(3)</sup>	1,757	179,420	-	-	1,757	179,420
Other Countries <sup>(4)</sup>	-	10,845	-	-	-	10,845
<b>Total</b>	<b>11,475,254</b>	<b>3,619,408</b>	<b>4,292,306</b>	<b>5,072,584</b>	<b>15,767,560</b>	<b>8,691,992</b>
<b>Major product/ service lines</b>						
Sales of goods	11,475,254	3,619,408	-	-	11,475,254	3,619,408
Maintenance and leasing services	-	-	4,292,306	5,072,584	4,292,306	5,072,584
<b>Total</b>	<b>11,475,254</b>	<b>3,619,408</b>	<b>4,292,306</b>	<b>5,072,584</b>	<b>15,767,560</b>	<b>8,691,992</b>
<b>Timing of revenue recognition</b>						
At a point in time	11,475,254	3,619,408	-	-	11,475,254	3,619,408
Over time	-	-	4,292,306	5,072,584	4,292,306	5,072,584
<b>Total</b>	<b>11,475,254</b>	<b>3,619,408</b>	<b>4,292,306</b>	<b>5,072,584</b>	<b>15,767,560</b>	<b>8,691,992</b>

	Security solutions		Maintenance and leasing		Total	
	2H-2022	2H-2021	2H-2022	2H-2021	2H-2022	2H-2021
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Geographical markets</b>						
Singapore	4,340,216	2,438,154	1,482,382	1,620,298	5,822,598	4,058,452
Indochina <sup>(1)</sup>	38,688	-	-	-	38,688	-
Rest of Southeast Asia <sup>(2)</sup>	342,815	1,298	655,949	640,214	998,764	641,512
East Asia <sup>(3)</sup>	-	24,017	-	-	-	24,017
Other Countries <sup>(4)</sup>	-	1,425	-	-	-	1,425
<b>Total</b>	<b>4,721,719</b>	<b>2,464,894</b>	<b>2,138,331</b>	<b>2,260,512</b>	<b>6,860,050</b>	<b>4,725,406</b>
<b>Major product/ service lines</b>						
Sales of goods	4,721,719	2,464,894	-	-	4,721,719	2,464,894
Maintenance and leasing services	-	-	2,138,331	2,260,512	2,138,331	2,260,512
<b>Total</b>	<b>4,721,719</b>	<b>2,464,894</b>	<b>2,138,331</b>	<b>2,260,512</b>	<b>6,860,050</b>	<b>4,725,406</b>
<b>Timing of revenue recognition</b>						
At a point in time	4,721,719	2,464,894	-	-	4,721,719	2,464,894
Over time	-	-	2,138,331	2,260,512	2,138,331	2,260,512
<b>Total</b>	<b>4,721,719</b>	<b>2,464,894</b>	<b>2,138,331</b>	<b>2,260,512</b>	<b>6,860,050</b>	<b>4,725,406</b>

**Notes:**

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

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

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

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

A breakdown of sales:

	Group		
	FY2022	FY2021	% change
	S\$	S\$	
Revenue - First Half Year	8,907,510	3,966,586	124.6
Revenue - Second Half Year	6,860,050	4,725,406	45.2
Revenue - Total	<u>15,767,560</u>	<u>8,691,992</u>	81.4
Profit/(Loss) after tax - First Half Year	558,729	(102,171)	N.M
(Loss)/Profit after tax - Second Half year	<u>(295,278)</u>	<u>197,608</u>	N.M
Profit after tax - Total	<u>263,451</u>	<u>95,437</u>	176.0

#### 4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 30 June 2021:

Group	Carrying amount			Fair value S\$
	Amortised cost S\$	Other financial liabilities S\$	Total carrying amount S\$	
<b>30 June 2022</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables ^	4,637,897	-	4,637,897	
Cash and cash equivalents	8,481,479	-	8,481,479	
Investments in fixed deposits	470,145	-	470,145	
	<u>13,589,521</u>	-	<u>13,589,521</u>	
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables *	-	3,275,460	3,275,460	
Bank borrowings	-	3,795,792	3,795,792	3,754,575
	-	<u>7,071,252</u>	<u>7,071,252</u>	
<b>30 June 2021</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables ^	2,652,177	-	2,652,177	
Cash and cash equivalents	6,730,659	-	6,730,659	
Investments in fixed deposits	1,421,147	-	1,421,147	
	<u>10,803,983</u>	-	<u>10,803,983</u>	
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables *	-	1,971,432	1,971,432	
Bank borrowings	-	4,880,928	4,880,928	4,828,482

^ Excludes prepayments.

\* Exclude deferred grant income.

## 5. Profit before taxation

### 5.1 Significant items

	The Group			
	Unaudited 2H-2022 S\$	Unaudited 2H-2021 S\$	Unaudited FY2022 S\$	Audited FY2021 S\$
<b>Income</b>				
Miscellaneous income	17,538	856	36,555	2,888
Write-back of allowance for doubtful debts	-	43,104	-	44,883
Gain on disposal of plant and equipment	8,181	-	8,461	654
Gain on modification of lease	-	1,127	-	1,127
Government grant and subsidies	92,336	422,794	264,320	913,171
Other income	118,055	467,881	309,336	962,723
Foreign exchange gain (net)	13,207	49,340	14,231	-
Interest income	310	993	1,036	2,290
Finance income	13,517	50,333	15,267	2,290
<b>Expenses</b>				
Depreciation of plant and equipment	(125,418)	(399,553)	(483,238)	(813,986)
Impairment of plant and equipment	-	(30,446)	-	(30,446)
Inventories written off	(59,257)	(99)	(59,734)	(99)
Rental expense	(112,440)	(116,087)	(227,520)	(219,039)
Allowance for doubtful debts (net)	(312,556)	-	(174,679)	-
Allowance for inventories obsolescence	(14,690)	(25,404)	(22,665)	(48,963)
Over provision of income tax in respect of prior year	-	40,085	-	40,085
Interest expense	(64,575)	(68,248)	(129,391)	(141,619)
Foreign exchange loss (net)	-	-	-	(16,161)
Finance costs	(64,575)	(68,248)	(129,391)	(157,780)

### 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 FY2022 S\$	Audited FY2021 S\$
<b>Related parties which a director has controlling interest</b>		
Sales	(26,698)	(4,361)
Purchases	-	750
Accounting and administrative services	77,634	77,994
Rental expenses	216,000	208,379
Recharge of expenses	7,068	2,375

## 6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Unaudited 2H-2022 S\$	Unaudited 2H-2021 S\$	Unaudited FY2022 S\$	Audited FY2021 S\$
<b>Current tax expense/(credit)</b>				
Current period/year	4,169	(21,493)	114,339	6,972
Changes in estimates in respect of prior years	-	(40,085)	-	(40,085)
	<u>4,169</u>	<u>(61,578)</u>	<u>114,339</u>	<u>(33,113)</u>
<b>Deferred tax (credit)/expense</b>				
Origination and reversal of temporary differences	(28,710)	(40,967)	(82,666)	(88,774)
	<u>(24,541)</u>	<u>(102,545)</u>	<u>31,673</u>	<u>(121,887)</u>
<b>Reconciliation of effective tax rate</b>				
(Loss)/Profit before tax	<u>(319,819)</u>	<u>95,063</u>	<u>295,124</u>	<u>(26,450)</u>
Tax using the Singapore tax rate of 17%	(54,369)	16,160	50,171	(4,497)
Effect of tax rates in foreign jurisdiction	217	(158)	189	(606)
Non-deductible expenses	32,670	23,901	18,642	48,723
Non-taxable income	(388)	(64,176)	(17,577)	(118,800)
Tax exempt income	(2,671)	-	(19,752)	(7,222)
Utilisation of previously unrecognised tax losses		(38,187)	-	-
Changes in estimates in respect of prior years		(40,085)	-	(40,085)
Others	-	-	-	600
	<u>(24,541)</u>	<u>(102,545)</u>	<u>31,673</u>	<u>(121,887)</u>

## 7. Net Asset Value

	Group		Company	
	Unaudited As at 30.06.2022	Audited As at 30.06.2021	Unaudited As at 30.06.2022	Audited As at 30.06.2021
Net asset value per ordinary share based on the number of shares in issue at end of year (cents)	<u>1.8</u>	<u>1.8</u>	<u>1.5</u>	<u>1.5</u>

## 8. Trade and other receivables

	Group		Company	
	Unaudited As at 30.06.2022 S\$	Audited As at 30.06.2021 S\$	Unaudited As at 30.06.2022 S\$	Audited As at 30.06.2021 S\$
Trade receivables	3,876,735	2,345,444	-	-
Impairment loss on trade receivables	(324,188)	(213,666)	-	-
	<u>3,552,547</u>	<u>2,131,778</u>	-	-
Other receivables	1,798	42,632	-	-
Amounts due from subsidiaries (non-trade)	-	-	2,166,702	2,204,558
Deposits	1,083,552	477,767	40,820	41,065
	<u>4,637,897</u>	<u>2,652,177</u>	<u>2,207,522</u>	<u>2,245,623</u>
Prepayments	78,649	113,121	8,537	8,505
	<u><b>4,716,546</b></u>	<u><b>2,765,298</b></u>	<u><b>2,216,059</b></u>	<u><b>2,254,128</b></u>

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

## 9. Inventories

	Group	
	Unaudited FY2022 S\$	Audited FY2021 S\$
Inventories, net of allowance for inventories obsolescence	<u>2,724,338</u>	<u>5,098,689</u>

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

At 1 July	191,863	142,900
Allowance during the year	22,665	48,963
At 30 June	<u>214,528</u>	<u>191,863</u>

During the year, inventories of S\$9,364,210 (FY2021: S\$4,011,105) were recognised as an expense and included in "cost of sales".



## 10. Investment in subsidiaries

	Company	
	Unaudited FY2022 S\$	Audited FY2021 S\$
Unquoted equity shares, at cost	5,344,199	5,344,199
Provision for impairment	(1,344,160)	(1,344,160)
	<u>4,000,039</u>	<u>4,000,039</u>

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

At 1 July	1,344,160	-
Impairment loss charged to profit or loss	-	1,344,160
At 30 June	<u>1,344,160</u>	<u>1,344,160</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.

In FY2022, impairment loss of S\$nil (2021:S\$1,344,160) was made arising from the impairment exercise performed at year end. Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets.

## 11. Plant and equipment

Group	Computers and office equipment S\$	Furniture, fixtures and office renovation S\$	Tools and equipment S\$	Motor vehicles S\$	Alert alarm systems S\$	Construction-in-progress S\$	Total S\$
<b>Cost</b>							
At 1 July 2020	607,924	749,729	67,424	461,567	5,528,270	12,480	7,427,394
Additions	86,272	-	-	-	-	3,600	89,872
Disposals/Write-off	(83,537)	-	-	(51,383)	(1,367,498)	-	(1,502,418)
At 30 June 2021	610,659	749,729	67,424	410,184	4,160,772	16,080	6,014,848
Additions	11,521	8,487	73,551	-	-	1,200	94,759
Transfers	17,280	-	448	-	-	(17,280)	448
Disposals/Write-off	(31,087)	(545)	(7,545)	(146,263)	-	-	(185,440)
At 30 June 2022	608,373	757,671	133,878	263,921	4,160,772	-	5,924,615
<b>Accumulated depreciation and impairment losses</b>							
At 1 July 2020	526,346	585,918	65,770	288,335	4,570,942	-	6,037,311
Depreciation for the year	62,480	135,900	766	36,812	578,028	-	813,986
Impairment loss	19,951	457	13	1,985	-	8,040	30,446
Disposals/Write-off	(76,454)	-	-	(51,383)	(1,367,498)	-	(1,495,335)
At 30 June 2021	532,323	722,275	66,549	275,749	3,781,472	8,040	5,386,408
Depreciation for the year	34,264	28,520	15,052	26,102	379,300	-	483,238
Transfers	8,040	-	-	-	-	(8,040)	-
Disposals/Write-off	(31,087)	(177)	(7,545)	(71,913)	-	-	(110,722)
At 30 June 2022	543,540	750,618	74,056	229,938	4,160,772	-	5,758,924
<b>Carrying amounts</b>							
At 1 July 2020	81,578	163,811	1,654	173,232	957,328	12,480	1,390,083
At 30 June 2021	78,336	27,454	875	134,435	379,300	8,040	628,440
At 30 June 2022	64,833	7,053	59,822	33,983	-	-	165,691

During the year ended 30 June 2022, the Group acquired assets amounting to S\$94,759 (30 June 2021: S\$89,872) and disposed and wrote off of assets amounting to S\$185,440 (30 June 2021: S\$1,502,418). The assets acquired do not include any right-of-use assets under lease arrangements (30 June 2021: Nil).

During the financial year, the Group transferred tools and equipment with carrying amount of \$448 from inventories to plant and equipment.

During the financial year ended 30 June 2021, the Group disposed office equipment, acquired under lease agreement, at carrying amount of S\$7,083. This was offset by early termination of the lease with undue balance of S\$8,210, resulting in gain on modification of lease of S\$1,127 recognised as “other income” in profit or loss.

## 12. Trade and other payables

	Group		Company	
	Unaudited 2022 S\$	Audited 2021 S\$	Unaudited 2022 S\$	Audited 2021 S\$
Trade payables	1,100,930	1,381,262	-	-
Bills payable	1,145,031	-	-	-
Other payables	168,600	77,230	27,220	21,265
Amounts due to:				
– Subsidiary (non-trade)	-	-	3,446	2,101
– Related parties (non-trade)	52,999	26,739	52,289	26,220
Accruals	807,900	486,201	170,634	160,234
	<b>3,275,460</b>	<b>1,971,432</b>	<b>253,589</b>	<b>209,820</b>
Deposit received	-	-	37,800	37,800
Deferred income	-	99,055	-	-
	<b>3,275,460</b>	<b>2,070,487</b>	<b>291,389</b>	<b>247,620</b>

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			
	FY2022		FY2021	
<u>Amount repayable in one year or less, or on demand</u>	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Bank borrowings	1,234,020	-	1,044,805	-
Lease liabilities	10,011	-	9,547	-
	<b>1,244,031</b>	<b>-</b>	<b>1,054,352</b>	<b>-</b>
<u>Amount repayable after one year</u>				
Bank borrowings	2,561,772	-	3,836,123	-
Lease liabilities	30,106	-	40,117	-
	<b>2,591,878</b>	<b>-</b>	<b>3,876,240</b>	<b>-</b>
	<b>3,835,909</b>	<b>-</b>	<b>4,930,592</b>	<b>-</b>

The Group’s bank borrowing has a final maturity date in FY2026, and it bears a fixed interest rate of 2.5% per annum.

### Details of the collaterals:

The Group’s borrowings are secured by corporate guarantees provided by IPS Securex Holdings Limited. The Group’s lease liabilities are secured by the plant and equipment purchased under the lease.

#### 14. Share Capital

	<b>FY2022</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2021</b>
	<b>Number of ordinary shares</b>		<b>S\$</b>	<b>S\$</b>
<b>Issued and fully paid ordinary shares, with no par value:</b>				
At beginning and end of the financial year	<u>486,000,000</u>	<u>486,000,000</u>	<u>9,405,906</u>	<u>9,405,906</u>

There were no outstanding convertibles and subsidiary holdings held by the Company as at 30 June 2022 and 30 June 2021. The number of shares held as treasury shares as at 30 June 2022 and 30 June 2021 is 1,155,900 treasury shares. The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 30 June 2022 and 30 June 2021 is 0.24%.

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

### 1. Review

The condensed consolidated statement of financial position of IPS Securex Holdings Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

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

The Group's revenue increased by approximately S\$2.1 million or 45.2% from S\$4.7 million in 2H-2021 to S\$6.9 million in 2H-2022; and increased by approximately S\$7.1 million or 81.4% from S\$8.7 million in FY2021 to S\$15.8 million in FY2022.

#### Security Solutions Business: 2H-2022

Revenue from the Security Solutions Business increased by approximately S\$2.3 million or 91.6% from S\$2.5 million in 2H-2021 to S\$4.7 million in 2H-2022. This was mainly attributable to an increase in revenue from the sales of security products to customers in Singapore of S\$362,000, in Rest of Southeast Asia<sup>(2)</sup> of S\$342,000, in Indochina<sup>(1)</sup> of S\$39,000, partially offset by a decrease in East Asia<sup>(3)</sup> of S\$24,000 and in Others of S\$1,000; and an increase in revenue from providing integrated security solutions in Singapore of S\$1.5 million.

#### Security Solutions Business: FY2022

Revenue from the Security Solutions Business increased by approximately S\$7.9 million or 217.0% from S\$3.6 million in FY2021 to S\$11.5 million in FY2022. This was mainly attributable to (i) an increase in revenue in FY2022 from the sale of security products to customers in Singapore of S\$127,000, in Indochina<sup>(1)</sup> of S\$39,000, in Rest of Southeast Asia<sup>(2)</sup> of S\$557,000, and partially offset by a decrease in East Asia<sup>(3)</sup> of S\$231,000 and in Others<sup>(4)</sup> of S\$11,000; and an increase in revenue from providing integrated security solutions in Singapore of S\$7.4 million.

#### Maintenance and Leasing Business: 2H-2022

Revenue from the Maintenance and Leasing Business decreased by approximately S\$122,000 or 5.4% from S\$2.3 million in 2H-2021 to S\$2.1 million in 2H-2022. This was attributable to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$462,000, and partially offset by an increase in revenue from the provision of maintenance support services to customers in Singapore of S\$324,000 and in Rest of Southeast Asia<sup>(2)</sup> of S\$16,000.

#### Maintenance and Leasing Business: FY2022

Revenue from the Maintenance and Leasing Business decreased by approximately S\$780,000 or 15.4% from S\$5.1 million in FY2021 to S\$4.3 million in FY2022. 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\$480,000, a decrease in revenue from the provision of maintenance support services to a customer in Singapore of S\$348,000 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\$48,000.

#### Notes:

<sup>(1)</sup> "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

<sup>(2)</sup> "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

<sup>(3)</sup> "East Asia" includes China, Hong Kong, South Korea and Japan.

<sup>(4)</sup> "Others" includes Australia, United States Of America and India.

### **Cost of sales**

Cost of sales increased by approximately S\$1.5 million or 57.7% from S\$2.6 million in 2H-2021 to S\$4.1 million in 2H-2022 and increased by approximately S\$5.4 million or 119.4% from S\$4.6 million in FY2021 to S\$10.0 million in FY2022. This was mainly due to the net increase in direct material costs and a higher proportion of integrated security solutions undertaken by the Group which had a higher cost base relative to revenue.

### **Gross profit**

Gross profit increased by approximately S\$619,000 or 29.5% from S\$2.1 million in 2H-2021 to S\$2.7 million in 2H-2022 and increased by approximately S\$1.6 million or 39.6% from S\$4.1 million in FY2021 to S\$5.8 million in FY2022 as a result of the factors discussed above.

### **Other income**

Other income decreased by approximately S\$350,000 or 74.8% from S\$468,000 in 2H-2021 to S\$118,000 in 2H-2022. This was mainly due to the decrease in government grants and subsidies of S\$330,000, a decrease in write-back of allowance for doubtful debts of S\$43,000, partially offset by an increase in gain on disposal of plant and equipment of S\$8,000, increase in sales of scrap metal of S\$7,000 and miscellaneous income of S\$8,000.

Other income decreased by approximately S\$653,000 or 67.9% from S\$963,000 in FY2021 to S\$309,000 in FY2022. This was mainly due to the decrease in government grants and subsidies of S\$649,000, a decrease in write-back of allowance for doubtful debts of S\$45,000, partially offset by an increase in gain on disposal of plant and equipment of S\$8,000, sales of scrap metal of S\$5,000 and miscellaneous income of S\$28,000.

### **Administrative expenses**

Administrative expenses increased by approximately S\$318,000 or 13.3% from S\$2.4 million in 2H-2021 to S\$2.7 million in 2H-2022. This was mainly due to an increase in employees' remuneration and benefit expenses.

Administrative expenses increased by approximately S\$515,000 or 10.6% from S\$4.9 million in FY2021 to S\$5.4 million in FY2022. This was mainly due to an increase in employees' remuneration and benefit expenses.

### **Other operating expenses**

Other operating expenses increased by approximately S\$333,000 or 558.7% from S\$60,000 in 2H-2021 to S\$393,000 in 2H-2022. This was mainly due to an increase in inventories written off of S\$59,000, an increase in allowance for doubtful debts of S\$313,000, and increase in miscellaneous expenses of S\$2,000; partially offset by a decrease in impairment of plant and equipment of S\$30,000, a decrease in allowance for inventories obsolescence of S\$11,000;

Other operating expenses increased by approximately S\$187,000 or 191.8% from S\$97,000 in FY2021 to S\$284,000 in FY2022. This was mainly due to an increase in inventory written off of S\$60,000, an increase in allowance for doubtful debts of S\$175,000, increase in bank charges of S\$9,000; partially offset by a decrease in allowance for inventories obsolescence of S\$26,000, a decrease in impairment of plant and equipment of S\$30,000 and miscellaneous expenses of S\$1,000.

### **Finance income**

Finance income decreased by approximately S\$37,000 or 73.1% from S\$50,000 in 2H-2021 to S\$14,000 in 2H-2022. This was mainly due to a net decrease in foreign exchange gain arising from settlement of trade payables denominated in United States dollar attributable to the appreciation of United States dollar which occurred in FY2022 against the Singapore dollar of S\$36,000 and a decrease in interest earned of S\$1,000.

Finance income increased by approximately S\$13,000 or 566.7% from S\$2,000 in FY2021 to S\$15,000 in FY2022. This was mainly due to a net increase in foreign exchange gain of S\$14,000 and partially offset by a decrease in interest earned of S\$1,000.

### **Finance costs**

Finance costs decreased by approximately S\$4,000 or 5.4% from S\$68,000 in 2H-2021 to S\$65,000 in 2H-2022. This was mainly due to the net decrease in interest expense of S\$4,000 due to lower utilisation of credit facilities.

Finance costs decreased by approximately S\$28,000 or 18.0% from S\$158,000 in FY2021 to S\$129,000 in FY2022. This was mainly due to the net decrease in interest expense of S\$12,000 due to lower utilisation of credit facilities and the absence of a foreign exchange loss (net) relating to trade payables of S\$16,000 in FY2021.

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

Tax credit decreased by approximately S\$78,000 or 76.1% from S\$103,000 in 2H-2021 to S\$25,000 in 2H-2022. The decrease in tax credit was attributable to the loss before tax that the Group recorded in 2H-2022.

Tax expense increased by approximately S\$154,000 from a tax credit of S\$122,000 in FY2021 to a tax expense of \$32,000 in FY2022. The increase in tax expense was attributable to the profit before tax that the Group recorded in FY2022 whereas a loss before tax was incurred in FY2021.

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

### **Current assets**

Current assets decreased by approximately S\$222,000 from S\$17.0 million as at 30 June 2021 to S\$16.8 million as at 30 June 2022. The decrease in current assets was mainly due to:

- (i) a decrease in inventories of S\$2.4 million arising from utilization of parts and components for projects during the period;
- (ii) a decrease in contract costs of S\$707,000 mainly due to the decrease in costs incurred to fulfill contracts where the goods and services had yet to be transferred to the customers;
- (iii) a decrease in current tax assets of S\$40,000 mainly due to amount received in tax refund received in 1H-2022;
- (iv) a decrease in investments in fixed deposits of S\$951,000 mainly due to a decrease in fixed deposits held as security for bank guarantees;

partially offset by:

- (v) an increase in cash and cash equivalents of S\$1.8 million;
- (vi) an increase in trade and other receivables of S\$2.0 million mainly due to higher sales made on credit terms from the integrated security solutions business towards the end of FY2022 of S\$1.4 million and an increase in deposits placed with suppliers for purchase of security products of S\$684,000; and partially offset by a decrease in prepayment for insurance of S\$79,000 for integrated security solutions and HDB projects; and a refund of the security deposit due 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\$71,000; and
- (vii) an increase in contract assets of S\$148,000 mainly attributable to revenue recognized for work completed but where billings had yet to be raised as at 30 June 2022.

### **Non-current assets**

Non-current assets decreased by approximately S\$463,000 from S\$636,000 as at 30 June 2021 to S\$173,000 as at 30 June 2022. The decrease in non-current assets was due to depreciation charges on plant and equipment of \$483,000 and disposal of plant and equipment of S\$75,000; and partially offset by the purchase of plant and equipment of S\$95,000.

### **Current liabilities**

Current liabilities increased by approximately S\$419,000 from S\$5.0 million as at 30 June 2021 to S\$5.4 million as at 30 June 2022. The increase in current liabilities was mainly due to:

- (i) an increase in trade and other payables of S\$1.2 million mainly attributable to an increase in trade financing facilities of S\$1.1 million, increase in accrual of project cost for projects of S\$278,000, increase in accrual of operating expenses of S\$62,000; and partially offset by a decrease in amount payable to suppliers of S\$280,000; and decrease in miscellaneous expenses payable of S\$16,000;
- (ii) an increase in bank borrowings of S\$189,000 mainly due to reclassification of long term bank borrowings to current liabilities;
- (iii) an increase in income tax payable of S\$114,000 due to an increase in profit before tax recorded in FY2022;

partially offset by:

- (iv) a decrease in contract liabilities of S\$1.1 million mainly due to delivery of services for which consideration had been received in advance previously.

### **Non-current liabilities**

Non-current liabilities decreased by approximately S\$1.4 million from S\$4.0 million as at 30 June 2021 to S\$2.6 million as at 30 June 2022. This was due to repayment of bank borrowings of S\$1.1 million arising from the loan secured by the Group for general corporate purposes, reclassification of long term bank borrowings of S\$189,000 to current liabilities, payment of lease liabilities of S\$10,000 and decrease in deferred tax liabilities of S\$83,000 due to the timing differences between the tax and accounting depreciation of the plant and equipment that the Group owns.



## **Capital and reserves**

Capital and reserves increased by approximately S\$263,000 from S\$8.7 million as at 30 June 2021 to S\$8.9 million as at 30 June 2022. This was due to net profit recognised in FY2022 of S\$263,000.

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

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

In FY2022, the net cash from operating activities was approximately S\$846,000, which consisted of operating cashflow before working capital changes of S\$1.1 million, net working capital outflow of S\$318,000 and income tax refund received of S\$40,000.

The net working capital outflow arose mainly from the following:

- (i) an increase in trade and other receivables of S\$2.1 million mainly due to higher sales made on credit terms from the integrated security solutions business towards the end of FY2022 of S\$1.6 million, an increase in deposits placed with suppliers for purchase of security products of S\$684, partially offset by a decrease in prepayment for insurance of S\$79,000 in integrated security solutions and HDB projects and a refund of the security deposit due 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\$71,000;
- (ii) a decrease in inventories of S\$2.3 million arising from utilization of parts and components for projects during the period;
- (iii) a decrease in contract costs of S\$707,000 mainly due to the decrease in costs incurred to fulfill contracts where the goods and services had yet to be transferred to the customers;
- (iv) an increase in contract assets of S\$148,000 mainly attributable to revenue recognized for work completed but where billings had yet to be raised as at 30 June 2022;
- (v) An increase in trade and other payables of S\$44,000 mainly attributable to an increase in accrual of project cost for projects of S\$278,000, increase in accrual of operating expenses of S\$62,000 and partially offset by a decrease in amount payable to suppliers of S\$280,000 and decrease in miscellaneous expenses payable of S\$16,000;
- (vi) a decrease in contract liabilities of S\$1.1 million 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\$12,000 in FY2022 mainly arising from the purchase of plant and equipment of S\$95,000 and partially offset by proceeds from disposal of plant and equipment of S\$83,000.

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

Net cash from financing activities amounted to approximately S\$880,000 in FY2022. This was mainly due to the increase in net trade financing facilities utilized of S\$1.1 million and restricted fixed deposits released of S\$1.4 million; partially offset by the repayment of bank borrowings of S\$1.1 million, payment of lease liabilities of S\$10,000, interest paid of S\$123,000 and restricted fixed deposit pledged of S\$452,000.

**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 recent years, terrorism in Southeast Asia has been on the decline. The number of violent terrorist incidents peaked in 2019 but experienced a steep decline after the onset of the COVID-19 pandemic in 2020. In addition to the COVID-19 pandemic, the climate crisis, the Myanmar coup, the Russia-Ukraine war, and competitive tensions between the China-U.S. have also dwarfed the relative severity of terrorism. However, the momentary lull in attacks does not mean the lack of a threat, as analysts have noted that during the pandemic-plagued years, terrorist groups in Southeast Asia ceased combat operations and kept a lower profile in order to regroup. With the better management of the COVID-19 pandemic with widespread vaccination which facilitates the opening of country borders and the resumption of travel, authorities are now concerned about the migration of foreign terrorist fighters supporting local attacks.<sup>1</sup> As the authorities in Southeast Asia are updating their equipment and systems to deal with this, the Group will continue to acquire and broaden its suite of security products and solutions to keep its customers in the region on the cutting edge.

With Singapore relaxing its COVID-19 rules and regulations, the Group's work processes and manpower allocation for ongoing projects has normalised, with manpower recruitment improving in 2022. Furthermore, with the resumption of travel with Vaccinated Travel Lane ("VTL") rules between countries, the Group has started to physically engage with its overseas customers and suppliers where practicable. However, with recent inflationary pressures and logistics disruptions affecting the global economy due to the COVID-19 pandemic and rising geo-political tensions, the Group continues to monitor its operating environment diligently in efforts to mitigate any unforeseen project delays and equipment cost increases, which includes working with the principals on delivery schedules and including clauses in customer contracts to cover possible cost increases.

As countries in the region resume their social and economic activities with COVID-19, the Group is seeing a resumption of tenders and projects and will continue to engage with customers to understand their current situational requirements and evolving needs, so as to provide them with the latest security products and solutions supported by quality maintenance services. The Group experienced a decline in revenue from its Maintenance and Leasing Business in FY2022 mainly due to the expiry of certain maintenance contracts, where systems being previously maintained have been decommissioned. The Group has other ongoing projects, which upon completion will have new maintenance contracts established.

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<sup>1</sup> <https://thediplomat.com/2022/04/as-southeast-asia-reopens-will-transnational-terrorism-return/>

## 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 FY2022 in light of the need to conserve cash due to the uncertain economy caused by the coronavirus disease-19 pandemic which is still rapidly evolving and surging in many parts of the world, inflation and geopolitical risks.

## 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)			
	2H-2022 S\$	2H-2021 S\$	FY2022 S\$	FY2021 S\$
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense)</u> <u>by:-</u>				
IPS Realty Pte Ltd	(108,000)	(108,000)	(216,000)	(208,379)
IPS Group Pte. Ltd.	(38,604)	(39,030)	(77,634)	(77,994)

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

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

**9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer**

Pursuant to Rule 704(13) of the Listing Manual, IPS Securex Holdings Limited confirms that there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Kelvin Lim Ching Song  
Executive Director and Group Chief Executive Officer  
25 August 2022



IPS Securex Holdings Limited  
Company Registration Number: 201327639H  
Incorporated in the Republic of Singapore  
213 Henderson Road, #04-09, Henderson Industrial Park  
Singapore 159553  
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## Media Release

# IPS Securex FY2022 net profit increases 176% to S\$0.3 million

- Revenue growth of 217.0% in Security Solutions Business to S\$11.5 million
- Expiry of long-term 7-year lease-and-maintenance contract caused Maintenance and Leasing Business to contract by 15.4% to S\$4.3 million

Singapore, 25 August 2022 – IPS Securex Holdings Limited (“IPS Securex”, or the “Company”, and together with its subsidiaries, the “Group”), a leading provider of security products and integrated security solutions with an established regional presence in the Asia Pacific, today announced the results for its financial year ended 30 June (“FY”) 2022.

### Financial Highlights

In S\$ million unless otherwise stated	FY2022	FY2021	Increase/(Decrease) % change
Revenue	15.8	8.7	81.4
Gross profit	5.8	4.1	39.6
Profit/(loss) before tax	0.3	(0.03)	N.M.
Profit/(loss) for the year	0.3	0.1	176.0

Mr Kelvin Lim, (“林青宋”) Executive Director and Group CEO of IPS Securex commented: “The threat of terrorism still exists even though it took a back seat with the onset of COVID-19 pandemic and has been also overshadowed by other macro events. Nonetheless, as our customers

*in Asia re-assess their security concerns, we are well positioned to help them with the upgrading and enhancement of their security infrastructure and equipment, some of which are long overdue due to the COVID-19 pandemic and other factors. The opening up of country borders and VTL travel lanes means that we can now better engage with our customers to understand their latest requirements, and also visit our existing and new principals to understand their latest product developments so as to expand our product range of cutting-edge equipment and solutions for Asia.”*

In FY2022, the Group’s revenue increased by approximately 81.4% to S\$15.8 million from S\$8.7 million in FY2021.

Revenue from the Group’s Security Solutions Business increased by approximately 217.0% to S\$11.5 million in FY2022 from S\$3.6 million in FY2021. This was mainly attributable to an increase in revenue from the sale of security products to customers in Singapore of S\$127,000, in Indochina<sup>1</sup> of S\$39,000, in Rest of Southeast Asia<sup>2</sup> of S\$557,000, and partially offset by a decrease in East Asia<sup>3</sup> of S\$231,000 and in Others<sup>4</sup> of S\$11,000; and an increase in revenue from providing integrated security solutions in Singapore of S\$7.4 million.

Conversely, the Group’s revenue from its Maintenance and Leasing Business decreased by approximately 15.4% from S\$5.1 million in FY2021 to S\$4.3 million in FY2022. This was mainly due 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\$480,000, a decrease in revenue from the provision of maintenance support services to a customer in Singapore of S\$348,000, and partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia of S\$48,000.

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<sup>1</sup> “Indochina” includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

<sup>2</sup> Rest of Southeast Asia” includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

<sup>3</sup> “East Asia” includes China, Hong Kong, South Korea and Japan.

<sup>4</sup> “Others” includes Australia, United States of America and India.

In FY2022, the Group's cost of sales increased by 119.4% from S\$4.6 million in FY2021 to S\$10.0 million in FY2022. This was mainly due to the net increase in direct material costs and a higher proportion of integrated security solutions undertaken by the Group which had a higher cost base relative to revenue. As a result of the above, gross profit increased by approximately 39.6% from S\$4.1 million in FY2021 to S\$5.8 million in FY2022.

The Group's other income fell by 67.9% to S\$309,000 in FY2022 from S\$963,000 in FY2021. This was mainly due to the decrease in government grants and subsidies of S\$649,000, a decrease in write-back of allowance for doubtful debts of S\$45,000, which was partially offset by an increase in gain on disposal of plant and equipment of S\$8,000, sales of scrap metal of S\$5,000 and miscellaneous income of S\$28,000.

The Group's administrative expenses increased by approximately 10.6% from S\$4.9 million in FY2021 to S\$5.4 million in FY2022 and this was mainly due to an increase in employees' remuneration and benefit expenses. Other operating expenses increased by approximately 191.8% from S\$97,000 in FY2021 to S\$284,000 in FY2022. This was mainly due to an increase in inventory written off of S\$60,000, an increase in allowance for doubtful debts of S\$175,000 and an increase in bank charges of S\$9,000; partially offset by a decrease in allowance for inventories obsolescence of S\$26,000, a decrease in impairment of plant and equipment of S\$30,000, and miscellaneous expenses of S\$1,000.

In FY2022, the Group's finance income increased by approximately 566.7% to \$15,000 from S\$2,000 in FY2021. This was mainly due to a net increase in foreign exchange gain of S\$14,000 and partially offset by a decrease in interest earned of S\$1,000. On the other hand, finance costs fell by approximately S\$28,000 or 18.0% from S\$158,000 in FY2021 to S\$129,000 in FY2022. This was mainly due to the net decrease in interest expense of S\$12,000 due to a lower utilisation of credit facilities and the absence of a foreign exchange loss (net) relating to trade payables of S\$16,000 in FY2021.

The Group's tax expenses increased by approximately S\$154,000 from a tax credit of S\$122,000 in FY2021 to a tax expense of \$32,000 in FY2022. The increase was attributable to the profit before tax that the Group recorded in FY2022, compared to a loss before tax incurred in FY2021. Overall, the Group posted a net profit of S\$0.3 million in FY2022, which was a 176.0% increase from S\$0.1 million in FY2021. This translates into an earnings per share of 0.05 Singapore cents for FY2022 compared to 0.02 Singapore cents in FY2021.

### **Financial Position**

As at 30 June 2022, the Group's net assets were approximately S\$8.9 million, with cash and cash equivalents of approximately S\$8.5 million. Net asset value per share as at 30 June 2022 remains unchanged at 1.8 Singapore cents as compared to 30 June 2021.

### **Outlook**

In recent years, terrorism in Southeast Asia experienced a steep decline after the onset of the COVID-19 pandemic in 2020. In addition, the climate crisis, the Myanmar coup, the Russia-Ukraine war, and competitive tensions between China and the U.S. have also dwarfed the relative severity of terrorism. However, a momentary lull in attacks does not mean the lack of a threat, as analysts have noted that terrorist groups in Southeast Asia have ceased combat operations during the pandemic and kept a lower profile in order to regroup. With the better management of the COVID-19 pandemic with widespread vaccination facilitating the opening of country borders and the resumption of travel, authorities in Southeast Asia are now concerned about the migration of foreign terrorist fighters supporting local attacks. As such, the authorities are updating their equipment and systems to deal with this, and the Group in response will also continue to acquire and broaden its suite of security products and solutions to keep its customers in the region on the cutting edge.



With the relaxing of COVID-19 rules and regulations in Singapore, the Group's work processes and manpower allocation for ongoing projects has normalised and manpower recruitment improving in 2022. Furthermore, the resumption of travel with Vaccinated Travel Lane ("VTL") rules between countries, has not allowed the Group to physically engage with its overseas customers and suppliers where practicable. However, with recent inflationary pressures and logistics disruptions affecting the global economy, the Group continues to monitor its operating environment diligently in efforts to mitigate any unforeseen project delays and equipment cost increases, which includes working with the principals on delivery schedules and including clauses in customer contracts to cover possible cost increases.

As countries in the region resume their social and economic activities with COVID-19, the Group is seeing a resumption of tenders and projects. The Group will continue to engage with customers to understand their current situational requirements and evolving needs, so as to provide them with the latest security products and solutions supported by quality maintenance services.

The Group experienced a decline in revenue from its Maintenance and Leasing Business in FY2022 mainly due to the expiry of certain maintenance contracts, where systems being previously maintained have been decommissioned. The Group has other ongoing projects, which upon completion, will have new maintenance contracts established.

End.

**Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.**

## About IPS Securex Holdings Limited ([www.ips-securex.com](http://www.ips-securex.com))

IPS Securex is one of Singapore's leading providers of security products and integrated security solutions to commercial entities and government bodies and agencies in the Asia Pacific.

Since 2000, it has been providing security products and integrated security solutions for various security requirements including checkpoint security, law enforcement and the protection and surveillance of buildings and critical infrastructure. It is a one-stop security solutions provider - from the supply of a broad range of security products, the design, installation, testing and commissioning of integrated security solutions, to the provision of maintenance support and leasing services to its customers. Carrying over 100 types of security products, the Group has distribution rights for some of its products spanning across 17 countries in the Asia-Pacific including Singapore, Cambodia, Brunei, Vietnam, Indonesia, Malaysia, Thailand, Myanmar, Philippines, Laos, China (Hong Kong and Macau), Australia, India, Sri Lanka, Japan, South Korea and Taiwan.

Over the years, IPS Securex has received several sales, business and branding awards and built an accomplished reputation in the security products and solutions industry. Some of its awards include the Enterprise 50 Award in 2009, the Singapore SME 500 Company Award in 2010, the Top 100 Singapore Excellence Award (Platinum) in 2013, the Asia Pacific Brands Award in 2014 and Singapore Corporate Award 2015 – Merit Award for Best Investor Relations (First-Year Listed Companies).

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Issued on behalf of	:	<b>IPS Securex Holdings Limited</b>
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*This media release has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited ("**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 media release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.*

*The contact person for the Sponsor is Mr. David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.*