

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::SECOND QUARTER AND/ OR HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

IPS SECUREX HOLDINGS LIMITED

Securities

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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

31/12/2021

Attachments

[IPS Securex Group results announcement.pdf](#)[IPS - 1H2022 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 ended
31 December 2021**

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.

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.

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

		The Group		
		Unaudited 1H-2022 ⁽¹⁾	Unaudited 1H-2021 ⁽²⁾	Increase/ (Decrease) % change
		S\$	S\$	%
	Note			
Revenue	3.2	8,907,510	3,966,586	124.6
Cost of sales		(5,852,217)	(1,928,009)	203.5
Gross profit		3,055,293	2,038,577	49.9
Other income	5.1	329,158	494,842	(33.5)
Administrative expenses		(2,677,465)	(2,479,684)	8.0
Other operating expenses		(28,977)	(37,673)	(23.1)
Finance income	5.1	1,750	1,297	34.9
Finance costs	5.1	(64,816)	(138,872)	(53.3)
Profit/(Loss) before income tax	5.1	614,943	(121,513)	N.M
Income tax (expense)/credit	6	(56,214)	19,342	N.M
Profit/(Loss) for the period, representing total comprehensive income/(loss) for the period		558,729	(102,171)	N.M
<u>Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the period</u>				
Basic and diluted (cents) ⁽³⁾		0.12	(0.02)	

Notes:

(1) "1H-2022" refers to the half year ended 31 December 2021.

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

(3) The basic and diluted earnings per share were the same as there were no dilutive instruments as at 31 December 2020 and 31 December 2021

B. Consolidated interim statements of financial position

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		As at 31.12.2021	As at 30.06.2021	As at 31.12.2021	As at 30.06.2021
ASSETS		S\$	S\$	S\$	S\$
Current assets					
Cash and cash equivalents		7,516,053	6,730,659	189,033	160,007
Investments in fixed deposits		1,421,856	1,421,147	-	-
Trade and other receivables	8	4,746,947	2,765,298	2,162,461	2,254,128
Loans to subsidiaries		-	-	1,025,850	1,025,103
Inventories	9	2,999,352	5,098,689		-
Contract cost		270,155	764,232	-	-
Contract assets		225,926	165,569	-	-
Current tax recoverable		-	40,143	-	-
Total current assets		17,180,289	16,985,737	3,377,344	3,439,238
Non-current assets					
Investment in subsidiaries	10	-	-	4,000,039	4,000,039
Plant and equipment	11	363,040	628,440	-	-
Other investments		7,605	7,605	-	-
		370,645	636,045	4,000,039	4,000,039
Total assets		17,550,934	17,621,782	7,377,383	7,439,277
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	12	2,200,666	2,070,487	243,272	247,620
Contract liabilities		1,525,720	1,857,506	-	-
Lease liability	13	9,776	9,547	-	-
Bank borrowings	13	1,218,825	1,044,805	-	-
Income tax payable		110,170	-	-	-
Total current liabilities		5,065,157	4,982,345	243,272	247,620
Non-current liabilities					
Bank borrowings	13	3,182,636	3,836,123	-	-
Lease liability	13	35,171	40,117	-	-
Deferred tax liabilities		30,200	84,156	-	-
		3,248,007	3,960,396	-	-
Capital and reserves					
Share capital	14	9,405,906	9,405,906	9,405,906	9,405,906
Treasury shares		(89,353)	(89,353)	(89,353)	(89,353)
Capital reserves		(589,999)	(589,999)	210,000	210,000
Accumulated profit/(losses)		511,216	(47,513)	(2,392,442)	(2,334,896)
		9,237,770	8,679,041	7,134,111	7,191,657
Total liabilities and equity		17,550,934	17,621,782	7,377,383	7,439,277

C. Consolidated interim statements of changes in equity

S\$ Group	Share capital	Treasury shares	Other reserves	Accumulated profit/(losses)	Total
Balance at 1 July 2021	9,405,906	(89,353)	(589,999)	(47,513)	8,679,041
Total comprehensive income for the period					
Profit for the period, representing total comprehensive income for the period	-	-	-	558,729	558,729
Balance at 31 December 2021	9,405,906	(89,353)	(589,999)	511,216	9,237,770
Balance at 1 July 2020	9,405,906	(89,353)	(589,999)	(142,950)	8,583,604
Total comprehensive loss for the period					
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
Company					
Balance at 1 July 2021	9,405,906	(89,353)	210,000	(2,334,896)	7,191,657
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(57,546)	(57,546)
Balance at 31 December 2021	9,405,906	(89,353)	210,000	(2,392,442)	7,134,111
Balance at 1 July 2020	9,405,906	(89,353)	210,000	(900,185)	8,626,368
Total comprehensive loss for the period					
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

D. Consolidated interim statements of cash flows

	Group	
	Unaudited 1H-2022	Unaudited 1H-2021
Note	S\$	S\$
Operating activities		
Profit/(Loss) before tax	614,943	(121,513)
Adjustments for:		
Interest income	5.1 (726)	(1,297)
Interest expense	5.1 64,816	73,371
Depreciation of plant and equipment	5.1 357,820	414,433
Gain on disposal of plant and equipment	5.1 (280)	(654)
Inventories written off	5.1 477	-
Allowance for inventory obsolescence	5.1 7,975	23,559
Write-back of allowance for doubtful debts (net)	5.1 (137,877)	(1,779)
Net foreign exchange (gain)/loss	(2,886)	55,300
Operating cash flows before working capital changes	904,262	441,420
Trade and other receivables	(1,843,134)	1,623,106
Inventories	2,090,885	(3,418,547)
Contract cost	494,077	(27,067)
Contract assets	(60,357)	757,449
Trade and other payables	(211,362)	(463,907)
Contract liabilities	(331,786)	777,048
Cash generated from/(used in) operations	1,042,585	(310,498)
Taxes received/(paid)	40,143	(43,453)
Interest received	4	14
Net cash from/(used in) operating activities	1,082,732	(353,937)
Investing activities		
Purchase of plant and equipment	(92,420)	(21,614)
Proceeds from disposal of plant and equipment	280	654
Net cash used in investing activities	(92,140)	(20,960)
Financing activities		
Interest paid	(63,838)	(52,221)
Proceeds from bank borrowings	-	4,500,000
Repayments of bank borrowings	(479,467)	-
Payments of lease liabilities	(4,717)	(42,552)
Utilisation of trade financing facilities	1,141,364	3,724,619
Repayment of trade financing facilities	(803,399)	(1,594,177)
Restricted cash pledged	(709)	-
Net cash (used in)/from financing activities	(210,766)	6,535,669
Net increase in cash and cash equivalents	779,826	6,160,772
Effect of exchange rate changes on the balance of cash held in foreign currencies	5,568	(71,897)
Cash and cash equivalents at beginning of the year	6,616,727	2,595,621
Cash and cash equivalents at end of the year	7,402,121	8,684,496
Cash and cash equivalents in the Group's cash flow statements comprise the following:		
Cash at bank and on hand	7,402,121	8,684,496
Fixed deposit pledged	1,421,856	1,419,706
Restricted cash	113,932	113,932
Cash and cash equivalents at end of the year	8,937,909	10,218,134

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 ended 31 December 2021 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 ended 31 December 2021 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, interpretations and amendments to standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s and 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, Kelvin Lim Ching Song who is responsible for allocating resources and assessing performance of the operating segments.

3.1 Reportable Segments

	Security solutions		Maintenance and leasing		Total	
	1H-2022	1H-2021	1H-2022	1H-2021	1H-2022	1H-2021
	S\$	S\$	S\$	S\$	S\$	S\$
External revenue	6,753,536	1,154,514	2,153,974	2,812,072	8,907,510	3,966,586
Inter-segment revenue	-	12,775	174,800	85,983	174,800	98,758
Other income	-	-	-	-	-	-
Interest income	707	1,283	-	-	707	1,283
Interest expense	(4,167)	(31,924)	(45)	(605)	(4,212)	(32,529)
Depreciation	-	-	(289,014)	(289,014)	(289,014)	(289,014)
Write-back of/(Allowance) for doubtful debts	136,722	1,952	1,155	(173)	137,877	1,779
Reportable segment profit before tax	<u>1,682,307</u>	<u>199,198</u>	<u>1,424,036</u>	<u>1,747,449</u>	<u>3,106,343</u>	<u>1,946,647</u>
Reportable segment assets	<u>8,473,126</u>	<u>8,922,604</u>	<u>1,179,776</u>	<u>1,993,298</u>	<u>9,652,902</u>	<u>10,915,902</u>
Reportable segment liabilities	<u>(2,663,295)</u>	<u>(4,782,579)</u>	<u>(424,785)</u>	<u>(751,590)</u>	<u>(3,088,080)</u>	<u>(5,534,169)</u>

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items		
	1H-2022	1H-2021
	S\$	S\$
Revenues		
Total revenue for reportable segments	9,082,310	4,065,344
Elimination of inter-segment revenue	<u>(174,800)</u>	<u>(98,758)</u>
Consolidated revenue	<u>8,907,510</u>	<u>3,966,586</u>
Profit or loss		
Total profit for reportable segments	3,106,343	1,946,647
Elimination of inter-segment profits	-	-
Unallocated amounts:		
- Other income	191,281	493,063
- Administrative expenses	(2,602,225)	(2,440,780)
- Other expenses	(20,895)	(14,114)
- Net finance (costs)/income	<u>(59,561)</u>	<u>(106,329)</u>
Consolidated profit/(loss) before tax	<u>614,943</u>	<u>(121,513)</u>
Assets		
Total assets for reportable segments	9,652,902	10,915,902
Unallocated amounts:		
- Plant and equipment	272,755	328,950
- Cash and cash equivalents	7,402,121	8,684,496
- Current tax assets	-	-
- Others	<u>223,156</u>	<u>210,114</u>
Consolidated total assets	<u>17,550,934</u>	<u>20,139,462</u>
Liabilities		
Total liabilities for reportable segments	(3,088,080)	(5,534,169)
Unallocated amounts:		
- Bank borrowings	(4,401,461)	(5,000,000)
- Finance lease liabilities	(44,947)	(10,106)
- Other payables	(638,305)	(915,776)
- Deferred tax liabilities	(110,171)	(72,855)
- Income tax payable	<u>(30,200)</u>	<u>(125,123)</u>
Consolidated total liabilities	<u>(8,313,164)</u>	<u>(11,658,029)</u>

3.2 Disaggregation of Revenue

	Security solutions		Maintenance and leasing		Total	
	1H-2022	1H-2021	1H-2022	1H-2021	1H-2022	1H-2021
	S\$	S\$	S\$	S\$	S\$	S\$
Geographical markets						
Singapore	6,538,010	935,709	1,499,551	2,189,657	8,037,561	3,125,366
Indochina ⁽¹⁾	-	53,512	-	-	-	53,512
Rest of Southeast Asia ⁽²⁾	213,769	471	654,423	622,415	868,192	622,886
East Asia ⁽³⁾	1,757	155,403	-	-	1,757	155,403
Other Countries ⁽⁴⁾	-	9,419	-	-	-	9,419
Total	6,753,536	1,154,514	2,153,974	2,812,072	8,907,510	3,966,586
Major product/service lines						
Sales of goods	6,753,536	1,154,514	-	-	6,753,536	1,154,514
Maintenance and leasing services	-	-	2,153,974	2,812,072	2,153,974	2,812,072
	6,753,536	1,154,514	2,153,974	2,812,072	8,907,510	3,966,586
Timing of revenue recognition						
At a point in time	6,753,536	1,154,514	-	-	6,753,536	1,154,514
Over time	-	-	2,153,974	2,812,072	2,153,974	2,812,072
	6,753,536	1,154,514	2,153,974	2,812,072	8,907,510	3,966,586

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

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 30 June 2021:

	Carrying amount			Fair value S\$
	Amortised cost S\$	Other financial liabilities S\$	Total carrying amount S\$	
Group				
31 December 2021				
Financial assets not measured at fair value				
Trade and other receivables [^]	4,527,806	-	4,527,806	
Cash and cash equivalents	7,516,053	-	7,516,053	
Investment in fixed deposits	1,421,856	-	1,421,856	
	<u>13,465,715</u>	<u>-</u>	<u>13,465,715</u>	
Financial liabilities not measured at fair value				
Trade and other payables [*]	-	2,200,666	2,200,666	
Bank borrowings	-	4,401,461	4,401,461	4,353,851
	<u>-</u>	<u>6,602,127</u>	<u>6,602,127</u>	
30 June 2021				
Financial assets not measured at fair value				
Trade and other receivables [^]	2,652,177	-	2,652,177	
Cash and cash equivalents	6,730,659	-	6,730,659	
Investment in fixed deposits	1,421,147	-	1,421,147	
	<u>10,803,983</u>	<u>-</u>	<u>10,803,983</u>	
Financial liabilities not measured at fair value				
Trade and other payables	-	1,971,432	1,971,432	
Bank borrowings	-	4,880,928	4,880,928	4,828,482
	<u>-</u>	<u>6,852,360</u>	<u>6,852,360</u>	

[^] Excludes prepayments.

^{*} Exclude deferred grant income

5. Profit before taxation

5.1 Significant items

	The Group	
	Unaudited 1H-2022 S\$	Unaudited 1H-2021 S\$
Income		
Miscellaneous income	19,017	2,032
Write-back of allowance for doubtful debts	137,877	1,779
Gain on disposal of plant and equipment	280	654
Government grant and subsidies	171,984	490,377
Other income	329,158	494,842
Foreign exchange gain (net)	1,024	-
Interest income	726	1,297
Finance income	1,750	1,297
Expenses		
Depreciation of plant and equipment	(357,820)	(414,433)
Inventories written off	(477)	-
Rental expense	(115,080)	(102,952)
Allowance for inventories obsolescence	(7,975)	(23,559)
Interest expense	(64,816)	(73,371)
Foreign exchange loss (net)	-	(65,501)
Finance costs	(64,816)	(138,872)

5.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties:

	Group	
	Unaudited 1H-2022 S\$	Unaudited 1H-2021 S\$
Related parties which a director has controlling interest		
Sales	-	(4,361)
Purchases	-	-
Accounting and administrative services	39,030	38,964
Rental expenses	108,000	100,379
Recharge of expenses	5,482	900

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	Unaudited
	1H-2022	1H-2021
	S\$	S\$
Current tax expense		
Current period	110,170	28,465
Deferred tax credit		
Origination and reversal of temporary differences	(53,956)	(47,807)
	<u>56,214</u>	<u>(19,342)</u>
Reconciliation of effective tax rate		
Profit/(Loss) before tax	614,943	(121,513)
Tax using the Singapore tax rate of 17%	104,540	(20,657)
Effect of tax rates in foreign jurisdiction	(28)	(448)
Non-deductible expenses	10,191	17,355
Non-taxable income	(41,064)	(54,624)
Tax exempt income	(17,425)	-
Tax losses for which deferred tax assets were not recognised	-	38,432
Others	-	600
	<u>56,214</u>	<u>(19,342)</u>

7. Net Asset Value

	Group		Company	
	Unaudited As at 31.12.2021	Audited As at 30.06.2021	Unaudited As at 31.12.2021	Audited As at 30.06.2021
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	<u>1.9</u>	<u>1.8</u>	<u>1.5</u>	<u>1.5</u>

8. Trade and other receivables

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 31.12.2021	As at 30.06.2021	As at 31.12.2021	As at 30.06.2021
	S\$	S\$	S\$	S\$
Trade receivables	3,608,687	2,345,444	-	-
Impairment loss on trade receivables	(75,788)	(213,666)	-	-
	<u>3,532,899</u>	<u>2,131,778</u>	-	-
Other receivables	1,546	42,632	-	-
Amounts due from subsidiaries (non-trade)	-	-	2,095,143	2,204,558
Deposits	993,361	477,767	38,140	41,065
	<u>4,527,806</u>	<u>2,652,177</u>	<u>2,133,283</u>	<u>2,245,623</u>
Prepayments	219,141	113,121	29,178	8,505
	<u>4,746,947</u>	<u>2,765,298</u>	<u>2,162,461</u>	<u>2,254,128</u>

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

9. Inventories

	Group	
	Unaudited	Audited
	As at 31.12.2021	As at 30.06.2021
	S\$	S\$
Inventories, net of allowance for inventories obsolescence	<u>2,999,352</u>	<u>5,098,689</u>

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

At 1 July	191,863	142,900
Allowance during the period	<u>7,975</u>	<u>48,963</u>
At 30 June	<u><u>199,838</u></u>	<u><u>191,863</u></u>

During the period, inventories of S\$5,291,655 (2021: S\$4,011,105) were recognised as an expense and included in "cost of sales".

10. Investment in subsidiaries

	Company	
	Unaudited As at 31.12.2021 S\$	Audited As at 30.06.2021 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	-
Charge to profit and loss	-	1,344,160
At 31 December/ 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.

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\$	Demo equipments S\$	Construction-in-progress S\$	Total S\$
Cost								
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
Transfers	(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	7,787	448	-	-	72,664	-	92,420
Disposals	-	-	-	-	-	-	-	-
At 31 December 2021	622,180	757,516	67,872	410,184	4,160,772	72,664	16,080	6,107,268
Accumulated depreciation and impairment losses								
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	(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	19,347	25,260	225	16,708	289,014	7,266	-	357,820
Disposals	-	-	-	-	-	-	-	-
At 31 December 2021	551,670	747,535	66,774	292,457	4,070,486	7,266	8,040	5,744,228
Carrying amounts								
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 31 December 2021	70,510	9,981	1,098	117,727	90,286	65,398	8,040	363,040

During the period ended 31 December 2021, the Group acquired assets amounting to S\$92,420 (30 June 2021: S\$89,872) and disposed of assets amounting to S\$Nil (30 June 2021: S\$1,502,418). The assets acquired includes right-of-use assets of S\$Nil (30 June 2021: S\$51,981) which are under lease arrangements.

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	Audited	Unaudited	Audited
	As at 31.12.2021	As at 30.06.2021	As at 31.12.2021	As at 30.06.2021
	S\$	S\$	S\$	S\$
Trade payables	1,119,772	1,381,262	-	-
Bills payable	337,965	-	-	-
Other payables	88,522	77,230	42,440	21,265
Amounts due to:				
– Subsidiary (non-trade)	-	-	2,758	2,101
– Related parties (non-trade)	52,997	26,739	52,441	26,220
Accruals	601,410	486,201	107,833	160,234
	<u>2,200,666</u>	<u>1,971,432</u>	<u>205,472</u>	<u>209,820</u>
Deposit received	-	-	37,800	37,800
Deferred income	-	99,055	-	-
	<u>2,200,666</u>	<u>2,070,487</u>	<u>243,272</u>	<u>247,620</u>

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

13. Loans and borrowings

	Group			
	Unaudited		Audited	
	As at 31.12.2021		As at 30.06.2021	
<u>Amount repayable in one year or less, or on demand</u>	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Bank borrowings	1,218,825	-	1,044,805	-
Lease liabilities	9,776	-	9,547	-
	<u>1,228,601</u>	<u>-</u>	<u>1,054,352</u>	<u>-</u>
<u>Amount repayable after one year</u>				
Bank borrowings	3,182,636	-	3,836,123	-
Lease liabilities	35,171	-	40,117	-
	<u>3,217,807</u>	<u>-</u>	<u>3,876,240</u>	<u>-</u>
	<u>4,446,408</u>	<u>-</u>	<u>4,930,592</u>	<u>-</u>

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

	As at 31.12.2021	As at 30.06.2021	As at 31.12.2021	As at 30.06.2021
	Number of ordinary shares		S\$	S\$
Issued and fully paid ordinary shares, with no par value:				
At beginning and end of the financial period	<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 31 December 2021 and 30 June 2021. The number of shares held as treasury shares as at 31 December 2021 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 31 December 2021 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 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

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

The Group's revenue increased by approximately S\$4.9 million or 124.6% from S\$4.0 million in 1H-2021 to S\$8.9 million in 1H-2022.

Security Solutions Business: 1H-2022

Revenue from the Security Solutions Business increased by approximately S\$5.6 million or 485.0% from S\$1.2 million in 1H-2021 to S\$6.8 million in 1H-2022. This was mainly attributable to an increase in revenue from providing integrated security solutions in Singapore of S\$5.8 million, an increase in revenue from the sale of security products to a customer in Rest of Southeast Asia⁽²⁾ of S\$213,000; partially offset by a decrease in revenue from the sale of security products to customers in East Asia⁽³⁾ of S\$154,000, in Singapore of S\$234,000, in Indochina⁽¹⁾ of S\$54,000 and in Other countries⁽⁴⁾ of S\$9,000.

Maintenance and Leasing Business: 1H-2022

Revenue from the Maintenance and Leasing Business decreased by approximately S\$658,000 or 23.4% from S\$2.8 million in 1H-2021 to S\$2.2 million in 1H-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\$18,000, 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\$672,000; partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia⁽²⁾ of S\$32,000.

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, South Korea and Japan.

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

Cost of sales

Cost of sales increased by approximately S\$3.9 million or 203.5% from S\$1.9 million in 1H-2021 to S\$5.9 million in 1H-2022. This was mainly due to the net increase in direct material costs incurred 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\$1.0 million or 49.9% from S\$2.0 million in 1H-2021 to S\$3.1 million in 1H-2022 as a result of the factors discussed above.

Other income

Other income decreased by approximately S\$166,000 or 33.5% from S\$495,000 in 1H-2021 to S\$329,000 in 1H-2022. This was mainly due to the decrease in government grants and subsidies of S\$318,000, partially offset by an increase in write-back of allowance for doubtful debts of S\$136,000 and increase in miscellaneous income of S\$17,000.

Administrative expenses

Administrative expenses increased by approximately S\$198,000 or 8.0% from S\$2.5 million in 1H-2021 to S\$2.7 million in 1H-2022. This was mainly due to the increase in employees' remuneration and benefit expenses of S\$234,000 primarily as a result of an increase in staff headcount, an increase in distribution and marketing expenses of S\$38,000; partially offset by a decrease in depreciation of S\$57,000 and office related expenses of S\$17,000.

Other operating expenses

Other operating expenses decreased by approximately S\$9,000 or 23.1% from S\$38,000 in 1H-2021 to S\$29,000 in 1H-2022. This was mainly due to the decrease in allowance for inventories obsolescence of S\$16,000, and partially offset by an increase in bank charges of S\$7,000.

Finance income

Finance income was S\$1,297 in 1H-2021 and S\$1,750 in 1H-2022. The increase in finance income was mainly due to an increase in net foreign exchange gain S\$1,024, 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-2022 against the Singapore dollar.

Finance costs

Finance costs decreased by approximately S\$74,000 or 53.3% from S\$139,000 in 1H-2021 to S\$65,000 in 1H-2022. This was mainly due to the net decrease in interest expense of S\$9,000 due to lower utilisation of credit facilities, and a decrease in foreign exchange loss (net) relating to trade payables of S\$66,000 due to a positive movement in foreign exchange rates.

Tax (expense)/credit

Tax expense increased by approximately S\$75,000 from a tax credit of S\$19,000 in 1H-2021 to a tax expense of S\$56,000 in 1H-2022. The increase in tax expense was attributable to the profit before tax that the Group recorded in 1H-2022 whereas a loss before tax was incurred in 1H-2021.

Review of the Group's financial position

Current assets

Current assets increased by approximately S\$195,000 from S\$17.0 million as at 30 June 2021 to S\$17.2 million as at 31 December 2021. The increase in current assets was mainly due to:

- (i) an increase in cash and cash equivalents of S\$786,000;
- (ii) 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 1H-2022 of S\$1.4 million, an increase in prepayment for the purchase of parts for maintenance support service of S\$90,000 and an increase in deposits placed with suppliers for purchase of security products of S\$521,000;

- (iii) an increase in contract assets of S\$60,000 mainly attributable to revenue recognized for work completed but where billings had yet to be raised as at 31 December 2021;

partially offset by:

- (iv) a decrease in inventories of S\$2.1 million arising from utilization of parts and components for projects during the period;
- (v) a decrease in contract cost of S\$494,000 mainly due to the decrease in costs incurred to fulfill contracts where the goods and services had yet to be transferred to the customers; and
- (vi) a decrease in current tax assets of S\$40,000 mainly due to amount received in 1H-2022.

Non-current assets

Non-current assets decreased by approximately S\$265,000 from S\$636,000 as at 30 June 2021 to S\$371,000 as at 31 December 2021. The decrease in non-current assets was due to depreciation charges of \$358,000, partially offset by the purchase of plant and equipment of S\$92,000.

Current liabilities

Current liabilities increased by approximately S\$83,000 from S\$5.0 million as at 30 June 2021 to S\$5.1 million as at 31 December 2021. The increase in current liabilities was mainly due to:

- (i) an increase in trade and other payables of S\$130,000 mainly attributable to an increase in trade financing facilities of S\$338,000, increase in accrual of operating expenses of S\$54,000, and partially offset by a decrease in amount payable to suppliers of S\$262,000;
- (ii) an increase in bank borrowings of S\$174,000 mainly due to reclassification of long term bank borrowings to current liabilities;
- (iii) an increase in income tax payable of S\$110,000 due to an increase in profit before tax recorded in 1H-2022

partially offset by:

- (iv) a decrease in contract liabilities of S\$332,000 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\$712,000 from S\$4.0 million as at 30 June 2021 to S\$3.2 million as at 31 December 2021. This was due to repayment of bank borrowings of S\$479,000 arising from the loan secured by the Group for general corporate purposes, reclassification of long term bank borrowings of S\$174,000 to current liabilities, payment of lease liabilities of S\$5,000 and deferred tax liabilities of S\$54,000 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\$559,000 from S\$8.7 million as at 30 June 2021 to S\$9.2 million as at 31 December 2021. This was due to net profit recognised in 1H-2022 of S\$559,000.

Review of the Group's cashflows

Net cash from operating activities

In 1H-2022, the net cash from operating activities was approximately S\$1.1 million, which consisted of operating cashflow before working capital changes of S\$904,000, net working capital inflow of S\$138,000 and income tax refund of S\$40,000 received for excess paid in prior year.

The net working capital inflow arose mainly from the following:

- (i) an increase in trade and other receivables of S\$1.8 million mainly due to higher sales made on credit terms from the integrated security solutions business towards the end of 1H-2022 of S\$1.4 million, an increase in prepayment for the purchase of parts for maintenance support service of S\$90,000, an increase in deposits placed with suppliers for purchase of security products of S\$521,000 and write-back of allowance for doubtful debts of S\$138,000;
- (ii) a decrease in inventories of S\$2.1 million arising from utilization of parts and components for projects during the period;
- (iii) a decrease in contract cost of S\$494,000 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\$60,000 mainly attributable to revenue recognized for work completed but where billings had yet to be raised as at 31 December 2021;
- (v) a decrease in trade and other payables of S\$211,000 mainly attributable to a decrease in amount payable to suppliers of S\$261,000 and partially offset by an increase in accrual of operating expenses of S\$53,000; and
- (vi) a decrease in contract liabilities of S\$332,000 mainly due to delivery of services for which consideration had been received in advance previously.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$92,000 in 1H-2022 mainly arising from the purchase of plant and equipment.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$211,000 in 1H-2022. This was mainly due to the repayment of bank borrowings of S\$480,000, payment of lease liabilities of S\$5,000 and interest expense of S\$64,000, and partially offset by net trade financing facilities utilized of S\$338,000

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.

Terrorist threats in Southeast and South Asian countries declined in 2021 as COVID-19 movement restrictions and government-imposed lockdowns helped to flatten the curve of terrorism¹. However, the threat of terrorism is still high, as global terrorist groups have proven to be resilient and adaptable and have stepped up their recruitment and propaganda efforts on social media.² Given the continual threat of terrorism, the Group will continue to proactively acquire more homeland security products and solutions in order to meet the evolving needs of its customers in the Asia Pacific.

In Singapore, while Islamist terrorism remains the key concern, other emergent threats such as far-right extremism can also potentially propel at-risk individuals towards violent radicalism.² In order to deliver better security outcomes for Singapore, the government has plans in place to develop a technologically advanced and competitive security industry and this includes digitalisation initiatives supporting the transformation of the security sector³. The Group will continue to support these digitalisation initiatives with its suite of general security products and solutions.

As Singapore finetunes its COVID-19 rules and regulations to deal with the evolving pandemic and new COVID-19 mutations, the Group's work processes and manpower allocation for ongoing projects may be affected if there are major changes even as currently there is no significant impact. Whilst there were some challenges in manpower recruitment towards the end of 2021, the Group expects situation to improve in 2022.

Constantly changing travel restrictions and Vaccinated Travel Lane ("VTL") rules between countries will also impact the Group's engagement with overseas customers and suppliers, and the Group will continue to engage with its customers and suppliers remotely. Whilst there is no significant delays, inflationary cost increases or supply disruptions at present, the Group will continue to monitor the situation in efforts to mitigate any unforeseen project delays and equipment cost increases caused by supply disruptions due to the COVID-19 pandemic.

The Group will also strictly adhere to the government's COVID-19 measures so as to maintain a safe working environment for staff, while minimising any disruption to business operations. The Group has been a strong vaccination advocate and to date, 100% of its staff are fully vaccinated.

As more countries continue their path towards 'normalising' social and economic activities with the possibility of COVID-19 becoming endemic, the Group is seeing a resumption of tenders and projects especially in the area of general security infrastructure. 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.

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.

¹ <https://www.benarnews.org/english/news/indonesian/terror-threats-01062022161603.html>

² <https://www.mha.gov.sg/docs/default-source/default-document-library/singapore-terrorism-threat-assessment-report-2021.pdf>

³ <https://www.mha.gov.sg/docs/default-source/default-document-library/factsheet-on-supporting-technology-and-innovation.pdf>

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

6. If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend.

No dividend has been declared or recommended for 1H-2022 in light of 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.

7. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions ("IPT") pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). However, pursuant to Rule 905 of the Catalist Rules, the following is disclosed.

	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules)	
	1H-2022 S\$	1H-2021 S\$
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense) by:-</u>		
IPS Realty Pte Ltd	(108,000)	(100,379)
IPS Group Pte. Ltd.	(39,030)	(38,964)

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

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

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

The board of Directors (the "Board") hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board, which may render the unaudited financial statements of the Group for 1H-2022 to be false or misleading in any material aspect.

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

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

By Order of the Board

Kelvin Lim Ching Song
Executive Director and Group Chief Executive Officer
10 February 2022



Media Release

IPS Securex's 1H2022 net profit increases to S\$0.6 million

- Significant revenue growth of 485.0% in Security Solutions Business

Singapore, 10 February 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 its financial results for the half year ended 31 December 2021 (“1H2022”).

Financial Highlights

In S\$million unless otherwise stated	Half year ended 31 December 2021 (1H2022)	Half year ended 31 December 2020 (1H2021)	Increase/(Decrease) % change
Revenue	8.9	4.0	124.6
Gross profit	3.1	2.0	49.9
Profit/(loss) before tax	0.6	(0.1)	N.M.
Profit/(loss) for the period	0.6	(0.1)	N.M.

Mr Kelvin Lim, (“林青宋”) Executive Director and CEO of IPS Securex commented: “The COVID-19 pandemic may have helped to flatten the curve of terrorism, but the threat of terrorism still remains high. IPS Securex seeks to understand our customers’ evolving security requirements and needs by engaging with them remotely for now while travel restrictions are still in place. At the

same time, we continue to expand our product range so as to provide them with relevant, leading-edge security products and solutions that are supported by our quality maintenance services”.

For the half year ended 31 December 2021, the Group’s revenue increased by approximately 124.6% to S\$8.9 million in 1H2022 from S\$4.0 million in the half year ended 31 December 2020 (“1H2021”).

In 1H2022, revenue from the Group’s Security Solutions Business increased by approximately 485.0% to S\$6.8 million from S\$1.2 million in 1H2021. This significant increase was attributed to an increase in revenue from providing integrated security solutions in Singapore of S\$5.8 million. There was also an increase in revenue from the sale of security products to a customer in Rest of Southeast Asia¹ of S\$213,000, which was partially offset by the decrease in revenue from the sale of security products to customers in East Asia² of S\$154,000, in Singapore of S\$234,000, in Indochina³ of S\$54,000 and in Other Countries⁴ of S\$9,000.

On the other hand, revenue from the Group’s Maintenance and Leasing Business decreased by approximately 23.4% to S\$2.2 million in 1H2022 compared to S\$2.8 million in 1H2021. This was attributed to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing and Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$18,000. There was also 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\$672,000, of which was partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia of S\$32,000.

¹ “Rest of Southeast Asia” includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

² “East Asia” includes China, Hong Kong, South Korea and Japan.

³ “Indochina” includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

⁴ “Other countries” includes Australia, United States of America and India.

For the period under review, the Group's cost of sales increased by approximately 203.5% or S\$3.9 million, mainly due to the net increase in direct material costs incurred and a higher proportion of integrated security solutions undertaken which had a higher cost base relative to revenue. Nevertheless, the Group's gross profit still grew approximately 49.9% to S\$3.1 million in 1H2022 from S\$2.0 million in 1H2021.

The Group's other income fell by approximately 33.5% to S\$329,000 in 1H2022 from S\$495,000 in 1H2021. This was caused by a decrease in government grants and subsidies which was partially offset by the increase in write-back of allowance for doubtful debts and miscellaneous income.

Administrative expenses increased by approximately 8.0% to S\$2.7 million in 1H2022 from S\$2.5 million in 1H2021. This slight increase was attributed to an increase in employees' remuneration and benefit expenses as a result of a higher staff headcount, and an increase in distribution and marketing expenses. Both of which were partially offset by the decrease in depreciation and office related expenses.

Other operating expenses fell by approximately 23.1% to S\$29,000 in 1H-2022 from S\$38,000 in 1H-2021. This was due to a drop in allowance for inventories obsolescence which was offset by an increase bank charges.

Finance income was S\$1,297 in 1H-2021 and S\$1,750 in 1H-2022. The increase in finance income was mainly due to an increase in net foreign exchange gain S\$1,024, 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-2022 against the Singapore dollar

Finance costs reduced by approximately 53.3% to S65,000 in 1H-2022 from S\$139,000 in 1H-2021. This was attributed to the lower utilisation of credit facilities which led to lower interest expense, and the positive movement in foreign exchange rates which reduced foreign exchange loss.

Tax expense increased by approximately S\$75,000 from a tax credit of S\$19,000 in 1H2021 to a tax expense of S\$56,000 in 1H2022. This increase was due to the profit before tax that the Group recorded in 1H2022 whereas a loss before tax was incurred in 1H2021.

Overall, the Group posted a net profit of S\$0.6 million in 1H2022, compared to a net loss of S\$0.1 million in 1H2021.

Financial Position

As at 31 December 2021, the Group's net assets were approximately S\$9.2 million. Cash and cash equivalents were at approximately S\$7.6 million, which is an increase from approximately S\$6.7 million as at 30 June 2021.

Outlook

Terrorist threats in Southeast and South Asian countries declined in 2021 due to COVID-19 movement restrictions and government-imposed lockdowns helped flatten the curve of terrorism. However, the threat of terrorism is still high, as global terrorist groups have proven to be resilient and adaptable and have stepped up their recruitment and propaganda efforts on social media. Given the continual threat of terrorism, the Group will continue to proactively acquire more homeland security products and solutions so that it can meet the evolving needs of its customers in the Asia Pacific.

In Singapore, while Islamist terrorism remains the key concern, other emergent threats such as far-right extremism can also potentially propel at-risk individuals towards violent radicalism. In order to deliver better security outcomes for Singapore, the government has plans in place to develop a technologically advanced and competitive security industry and this includes digitalisation initiatives supporting the transformation of the security sector. The Group will

continue to support these digitalisation initiatives with its suite of general security products and solutions.

As Singapore finetunes its COVID-19 rules and regulations to deal with the evolving pandemic and new COVID-19 mutations, the Group's work processes and manpower allocation for ongoing projects may be affected if there are major changes, even though there is no significant impact currently. While there were some challenges in manpower recruitment towards the end of 2021, the Group expects the situation to improve in 2022.

Constantly changing travel restrictions and Vaccinated Travel Lane ("VTL") rules between countries will also impact the Group's engagement with its overseas customers and suppliers, and the Group will continue to engage with its customers and suppliers remotely. Whilst there are no significant delays, inflationary cost increases or supply disruptions at present, the Group will continue to monitor the situation in its efforts to mitigate any unforeseen project delays and equipment cost increases caused by supply disruptions due to the COVID-19 pandemic. The Group will also strictly adhere to the government's COVID-19 measures in order to maintain a safe working environment for staff, while minimising any disruption to its business operations. The Group has been a strong vaccination advocate and to date, 100% of its staff are fully vaccinated.

As more countries normalise their social and economic activities with the possibility of COVID-19 becoming endemic, the Group is seeing a resumption of tenders and projects especially in the area of general security infrastructure. The Group will continue to engage with its 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.

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)

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).

Issued on behalf of : **IPS Securex Holdings Limited**

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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.

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