



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

Full Year Financial Statements and Dividend Announcement For The Financial Year Ended 30 June 2014

IPS Securex Holdings Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 June 2014. The initial public offering ("IPO") of the Company was sponsored by United Overseas Bank Limited (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

The Company was incorporated in the Republic of Singapore on 10 October 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The group comprising the Company and its subsidiaries (the "Group") was formed pursuant to a restructuring exercise (the "Restructuring Exercise") undertaken to streamline and rationalise the Group's structure prior to the Company's listing on Catalist. Please refer to the Company's offer document dated 20 June 2014 (the "Offer Document") for further details on the Restructuring Exercise.

For the purpose of this announcement, the financial statements of the Group for the financial year ended 30 June 2014 ("FY2014") and the comparative results of the Group for the financial year ended 30 June 2013 ("FY2013") have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise had been in existence during the periods of presentation because the entities are under common control.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Unaudited	Audited	Increase/ (Decrease)
	FY2014	FY2013	(Decrease)
	S\$	S\$	%change
Revenue	12,445,668	9,488,090	31.2
Cost of sales	(6,441,117)	(5,463,374)	17.9
Gross profit	6,004,551	4,024,716	49.2
Other operating income	298,836	14,386	1,977.3
Administrative expenses ⁽¹⁾	(4,694,637)	(2,276,012)	106.3
Other operating expenses	(28,090)	(28,080)	0.0
Finance costs	(632)	(16,130)	(96.1)
Profit before income tax	1,580,028	1,718,880	(8.1)
Income tax expense	(465,883)	(500)	93,076.6
Profit for the year, representing total comprehensive income for the year	1,114,145	1,718,380	(35.2)

⁽¹⁾ For FY2014, administrative expenses include one-off IPO expenses and share based payment as part of the Restructuring Exercise of S\$1.1 million and S\$210,000, respectively.

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

	Group		
	Unaudited	Audited	Increase/(Decrease)
	FY2014	FY2013	% change
	S\$	S\$	
After charging:			
Depreciation of plant and equipment	(233,129)	(222,551)	4.8
Foreign exchange loss	(14,295)	(11,974)	19.4
Loss on disposal of fixed assets	(947)	-	NM
Inventories written off	(210)	(4,981)	(95.8)
Allowance for inventory obsolescence	(6,341)	-	NM
Finance costs	(632)	(16,130)	(96.1)
Underprovision of deferred tax liability in respect of prior year	(71,787)	-	NM
Share based payment	(210,000)	-	NM
IPO expenses charged, net	(1,101,889)	-	NM
and crediting:			
Inventories written back	7,398	-	NM
Overprovision of income tax expenses in respect of prior year	24,461	-	NM
Forfeiture of customer's sales deposit	185,000	-	NM
Interest Income	512	567	(9.7)

NM denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company ⁽¹⁾
	Unaudited As at 30.06.2014 S\$	Audited As at 30.06.2013 S\$	Unaudited As at 30.06.2014 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4,531,440	1,465,079	3,580,791
Trade receivables	5,330,591	887,563	-
Other receivables	795,059	519,673	811,044
Inventories	495,480	429,936	-
Total current assets	11,152,570	3,302,251	4,391,835
Non-current assets			
Investment in subsidiaries	-	-	3,000,199
Plant and equipment	1,734,055	1,200,722	-
Long term trade receivables	1,214,932	-	-
Deferred tax asset	-	29,485	-
	2,948,987	1,230,207	3,000,199
Total assets	14,101,557	4,532,458	7,392,034
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	3,440,797	276,177	-
Other payables	1,946,364	1,190,594	667,838
Income tax payable	363,814	31,172	-
Total current liabilities	5,750,975	1,497,943	667,838
Non-current liabilities			
Deferred tax liabilities	103,756	-	-
	103,756	-	-
Capital and reserves			
Share capital	6,888,165	2,200,000	6,888,165
Capital reserves	(589,999)	-	210,000
Accumulated profit (losses)	1,948,660	834,515	(373,969)
	8,246,826	3,034,515	6,724,196
Total liabilities	5,854,731	1,497,943	667,838
Total liabilities and equity	14,101,557	4,532,458	7,392,034

⁽¹⁾ There are no comparative figures for the immediately preceding financial year for the Company as it was incorporated on 10 October 2013.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Group	As at 30.06.2014		As at 30.06.2013	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
	-	-	-	-

Details of the collaterals:

Not applicable.

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

	Group	
	<u>Unaudited</u>	<u>Audited</u>
	<u>FY2014</u>	<u>FY2013</u>
	S\$	S\$
Operating activities		
Profit before income tax	1,580,028	1,718,880
Adjustments for:		
Interest income	(512)	(567)
Interest expense	632	16,130
Depreciation of plant and equipment	233,129	222,551
Loss on disposal of plant and equipment	947	-
Inventories written off	210	4,981
Inventories written back	(7,398)	-
Allowance for inventories obsolescence	6,341	-
Net foreign exchange loss	13,754	1,185
Share based payment	210,000	-
Operating cash flows before working capital changes	<u>2,037,131</u>	<u>1,963,160</u>
Trade receivables	(5,657,960)	95,555
Other receivables	(275,386)	(223,272)
Inventories	(64,697)	(49,401)
Trade payables	3,164,620	(100,352)
Other payables	755,138	372,545
Cash (used in) generated from operations	<u>(41,154)</u>	<u>2,058,235</u>
Interest received	512	567
Net cash (used in) from operating activities	<u>(40,642)</u>	<u>2,058,802</u>
Investing activity		
Purchase of plant and equipment, representing net cash used in investing activity	<u>(767,409)</u>	<u>(259,035)</u>
Financing activities		
Restricted cash	10,509	-
Proceeds from incorporation of company	1	-
Proceeds from issuance of shares, net of issuance costs	3,888,165	-
Interest paid	-	(25,324)
Loan repayment to holding company	-	(524,233)
Loan repayment to related company	-	(175,486)
Net cash from (used in) financing activities	<u>3,898,675</u>	<u>(725,043)</u>
Net increase in cash and cash equivalents	3,090,624	1,074,724
Effect of exchange rate changes on the balance of cash held in foreign currencies	(13,754)	(1,185)
Cash and cash equivalents at beginning of the year	<u>1,454,570</u>	<u>381,031</u>
Cash and cash equivalents at end of the year	<u>4,531,440</u>	<u>1,454,570</u>

- 1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

S\$ Group	Share capital	Merger reserve	Other reserve	Accumulated (losses) profit	Total
Balance at 1 July 2012	2,200,000	-	-	(883,865)	1,316,135
Total comprehensive income for the year	-	-	-	1,718,380	1,718,380
Balance at 30 June 2013	2,200,000	-	-	834,515	3,034,515
Issuance of shares at date of Company's incorporation	1	-	-	-	1
Adjustment pursuant to the Restructuring Exercise	(2,200,000)	(799,999)	-	-	(2,999,999)
Issuance of ordinary shares pursuant to the Restructuring Exercise	2,999,999	-	-	-	2,999,999
Issuance of ordinary shares pursuant to the IPO, net	3,888,165	-	-	-	3,888,165
Deemed capital contribution	-	-	210,000	-	210,000
Total comprehensive income for the year	-	-	-	1,114,145	1,114,145
Balance at 30 June 2014	6,888,165	(799,999)	210,000	1,948,660	8,246,826
Company⁽¹⁾					
Issuance of shares at date of Company's incorporation	1	-	-	-	1
Issuance of ordinary shares pursuant to the Restructuring Exercise	2,999,999	-	-	-	2,999,999
Issuance of ordinary shares pursuant to the IPO, net	3,888,165	-	-	-	3,888,165
Deemed capital contribution	-	-	210,000	-	210,000
Total comprehensive income for the period	-	-	-	(373,969)	(373,969)
Balance at 30 June 2014	6,888,165	-	210,000	(373,969)	6,724,196

⁽¹⁾ There are no comparative figures for the immediately preceding financial year for the Company as it was incorporated on 10 October 2013.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Issued and paid-up share capital S\$
Issuance of shares at date of incorporation on 10 October 2013	1	1
Share issue pursuant to the Restructuring Exercise	2,999,999	2,999,999
	3,000,000	3,000,000
Subdivision of shares	63,000,000	3,000,000
Issuance of new shares pursuant to the listing of the Company on the Catalist of SGX-ST, net of IPO expenses capitalised	12,000,000	3,888,165
Balance as at 30 June 2014	75,000,000	6,888,165

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of ordinary shares as at 30 June	
	2014	2013 ⁽¹⁾
	Total number of issued share excluding treasury shares	75,000,000

⁽¹⁾ There are no comparative figures for the immediately preceding financial year for the Company as it was incorporated on 10 October 2013.

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

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the financial year ended 30 June 2014 as its most recently audited financial statements for the financial year ended 30 June 2013.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard. The adoption of the new and revised Financial Reporting Standards (including their consequential amendments) and interpretations is assessed to have no material impact on the results of the Group and of the Company for the financial year ended 30 June 2014.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Unaudited FY2014	Audited FY2013
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company (S\$)	1,114,145	1,718,380
Weighted average number of ordinary shares	<u>63,032,877</u>	<u>63,000,000 ⁽¹⁾</u>
EPS - Basic and diluted (cents)	<u>1.77</u>	<u>2.73</u>
	Group Unaudited FY2014	
EPS for illustrative purpose		
Basic and diluted (cents)	<u>1.49 ⁽²⁾</u>	

The basic and diluted earnings per share are the same for FY2014 and FY2013 as there are no potentially dilutive instruments as at 30 June 2014 and 30 June 2013.

⁽¹⁾ For comparative purpose, the issued and paid up share capital of the Company as at 30 June 2013 of 63,000,000 is assumed to have been in issue throughout the financial year ended 30 June 2013.

⁽²⁾ For illustrative purpose, the basic and diluted earnings per share for FY2014 were computed based on the profit attributable to owners of the Company, and the number of shares of the Company using the post-IPO share capital of 75,000,000 shares.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company ⁽²⁾
	Unaudited As at 30.06.2014	Audited As at 30.06.2013	Unaudited As at 30.06.2014
Net asset value per ordinary share ⁽¹⁾ based on the number of shares in issue at end of year (cents)	<u>11.0</u>	<u>4.8</u>	<u>9.0</u>

⁽¹⁾ Net asset value per ordinary share as at 30 June 2014 and as at 30 June 2013 has been computed based on the post-IPO share capital of 75,000,000 shares and the pre-IPO share capital of 63,000,000 shares, respectively.

⁽²⁾ There are no comparative figures for the immediately preceding financial year for the Company as it was incorporated on 10 October 2013.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's performance

We have two major business segments, namely (i) Security Solutions Business, and (ii) Maintenance and Leasing Business.

Revenue

The Group's revenue increased by approximately S\$3.0 million or 31.2% from S\$9.5 million in FY2013 to S\$12.4 million in FY2014.

Revenue from the Security Solutions Business increased by approximately S\$1.8 million or 26.1% from S\$6.7 million in FY2013 to S\$8.5 million in FY2014. This was mainly attributable to the increase in the sale of security products due to increased demand for Acoustic Hailing Systems to customers in Malaysia, Indonesia and Singapore, in particular, in relation to the SIT Project (as defined and disclosed in the Offer Document) in aggregate of approximately S\$6.5 million and partially offset by the decrease in the sale of security products due to decreased demand for Acoustic Hailing Systems in Vietnam of approximately S\$4.7 million,

Revenue from the Maintenance and Leasing Business increased by approximately S\$1.2 million or 43.5% from S\$2.8 million in FY2013 to S\$4.0 million in FY2014. Of the S\$1.2 million, approximately S\$500,000 was attributable to the ad-hoc replacement of a component in a security system for a public sector customer in Singapore during the financial year, approximately S\$400,000 was attributable to the increase in fees earned due to new contracts secured for the provision of maintenance support services in Thailand and Indonesia and approximately S\$300,000 was attributable to consultancy fees earned to provide security consultancy for the design of the airport security in relation to the African airport in Ethiopia.

Cost of sales

Cost of sales increased by approximately S\$978,000 or 17.9% from S\$5.5 million in FY2013 to S\$6.4 million in FY2014. This was mainly attributable to the net increase in direct material costs in aggregate of approximately S\$2.4 million primarily due to (a) the sale of security products to customers in Indonesia, Malaysia and Singapore, in particular, in relation to the SIT Project (as defined and disclosed in the Offer Document); and (b) the amortisation of the cost of several new extended supply contracts that the Group had entered into over the duration of several maintenance support services contracts which were renewed with several public sector customers in Singapore and Brunei, and with our dealers in Indonesia and Thailand. This arrangement with the supplier ensures our customers of the availability of maintenance support from our supplier over the duration of the maintenance support services contracts and ensures us that this support would be rendered at a fixed cost to us. This was partially offset by the decrease in sub-contracting cost of approximately S\$1.5 million, as the Group did not engage any third party service providers for Vietnam in FY2014, with the decrease in revenue from the Vietnam market for our Security Solutions Business.

Gross profit and gross profit margin

Gross profit increased by approximately S\$2.0 million or 49.2% from S\$4.0 million in FY2013 to S\$6.0 million in FY2014. The corresponding gross profit margin increased from approximately 42.4% in FY2013 to approximately 48.2% in FY2014. The improvement in gross profit margin was due mainly to the higher margins secured from the sales of security products.

Other operating income

Other operating income increased by approximately S\$285,000 or by 19-fold from S\$14,000 in FY2013 to S\$299,000 in FY2014. This was mainly due to:-

- a) the forfeiture of a customer's sales deposit of approximately S\$185,000 in FY2014 because of the cancellation of the order;
- b) various government grants amounting to approximately S\$25,000; and
- c) the provision of IT service and maintenance to our related party, IPS Group Pte. Ltd., of approximately S\$45,000.

Administrative expenses

Administrative expenses increased by approximately S\$2.4 million or 106.3% from S\$2.3 million in FY2013 to S\$4.7 million in FY2014. This was mainly attributable to the placement expenses incurred in relation to the IPO of approximately S\$1.1 million in FY2014, the increase in distribution and marketing expenses of approximately S\$105,000, directors' and employees' remuneration and benefit expenses of approximately S\$1.2 million, professional fees comprising mainly audit fees, secretarial and tax agent services of approximately S\$125,000, and office expenses of approximately S\$94,000. This was partially offset by a decrease of approximately S\$238,000 pursuant to the lower fees incurred for group services provided to the Group by its holding company, IPS Technologies Pte. Ltd., and by its related party, IPS Group Pte. Ltd.

Other operating expenses

Other operating expenses remained relatively stable at approximately S\$28,000 in FY2014 and FY2013.

Finance costs

Finance costs decreased by approximately S\$15,000 or 96.1% from S\$16,000 in FY2013 to S\$600 in FY2014. This was mainly attributable to the full repayment by the Group of loans from its holding company, IPS Technologies Pte. Ltd., and from its related company, IPS Perfex Holdings in FY2013.

Income tax expenses

Income tax expenses increased by approximately S\$466,000 or 931-fold from S\$500 in FY2013 to S\$466,000 in FY2014. This was mainly attributable to the non-deductible expenses arising from the IPO and the timing differences between the tax and accounting depreciation of the Alert Alarm Systems that the Group owns and leases to its customers under the Maintenance and Leasing Business.

Profit for the year

As a result of the above, profit for the year decreased by approximately S\$604,000 from S\$1.7 million in FY2013 to S\$1.1 million in FY2014.

Review of the Group's financial position

Current assets

Current assets increased by approximately S\$7.9 million from S\$3.3 million as at 30 June 2013 to S\$11.2 million as at 30 June 2014. The increase in current assets was mainly due to the increase in:-

- a) cash and cash equivalents of S\$3.1 million mainly due to unutilised net proceeds raised from the IPO;

- b) trade receivables of S\$4.4 million mainly due to higher sales made on credit terms from the Security Solutions Business towards and remaining outstanding as at the financial year-end; and
- c) other receivables of S\$275,000 mainly due to prepayment of the continuing sponsorship fees made to the Sponsor and insurance premium in aggregate of approximately S\$105,000, and an increase in deferred expenditure of \$169,000 pertaining to sub-contracting costs prepaid for maintenance support services.

Non-current assets

Non-current assets increased by approximately S\$1.7 million from S\$1.2 million as at 30 June 2013 to S\$2.9 million as at 30 June 2014. The increase in non-current assets was mainly due to the increase in:-

- a) plant and equipment of S\$533,000 mainly due to purchases made in relation to the Alert Alarm System in respect of the HDB Project (as defined and disclosed in the Offer Document), purchases made for the upgrading of the Group's Microsoft Dynamics-Navision software and an increase in purchases of computers and office equipment; and
- b) trade receivables of S\$1.2 million mainly due to the sales of security products to a dealer in Malaysia under an arrangement with a progressive payment schedule with the final payment in FY2019.

Current liabilities

Current liabilities increased by approximately S\$4.3 million from S\$1.5 million as at 30 June 2013 to S\$5.8 million as at 30 June 2014. The increase in current liabilities was mainly due to the increase in:-

- a) trade payables of S\$3.2 million mainly due to purchases made in relation to the Acoustic Hailing Systems and the provision of maintenance support services in aggregate of S\$2.9 million that had remained outstanding as at the financial year-end, and an increase in bills payable to bank of S\$333,000;
- b) other payables of S\$756,000 mainly due to professional fees incurred for the IPO of S\$377,000 that had remained outstanding as at the financial year-end and an increase in directors' and employees' remuneration and benefit expenses of S\$332,000; and
- c) income tax payable of \$333,000 mainly due to the non-deductible expenses arising from the IPO expenses and the temporary differences from the Alert Alarm Systems that the Group owns and leases to customers under the Maintenance and Leasing Business.

Non-current liabilities

Non-current liabilities increased by approximately S\$104,000 from S\$nil as at 30 June 2013 to S\$104,000 as at 30 June 2014. The increase in deferred tax liabilities was mainly due to the timing difference for the accounting treatment of the Alert Alarm Systems under plant and equipment, where the company enjoys lower effective tax rates as a result of higher capital allowance benefits.

Capital and reserves

The increase in capital and reserves from \$3.0 million as at 30 June 2013 to \$8.2 million as at 30 June 2014 was due mainly to the net proceeds from the IPO and profits from the current financial year.

Review of the Group's cashflows

Net cash used in operating activities

In FY2014, the net cash used in operating activities was approximately S\$41,000, which consisted mainly of operating cashflows before working capital changes of S\$2.0 million, offset by net working capital outflow of S\$2.1 million.

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

- a) An increase in trade receivables of approximately \$5.7 million mainly in relation to higher sales made on credit terms from the Security Solutions Business of S\$4.1 million towards and remaining outstanding as at the financial year-end, and the sales of security products of approximately S\$1.2 million to a dealer in Malaysia under an arrangement with a progressive payment schedule with the final payment in FY2019.
- b) an increase in other receivables of approximately \$275,000 mainly due to a prepayment of the continuing sponsorship fees made to the Sponsor and an increase in prepayment of insurance premium in aggregate of approximately S\$105,000, and an increase in deferred expenditure of \$169,000 pertaining to sub-contracting costs prepaid for maintenance support services;
- c) an increase in inventories of approximately S\$65,000 as the Group purchased parts and components for certain of its integrated security systems projects;
- e) partially offset by an increase in trade payables of approximately S\$3.2 million mainly due to an increase in purchases made in relation to the Acoustic Hailing Systems and the provision of maintenance support services in aggregate of S\$2.9 million that had remained outstanding as at the financial year-end, and an increase in bills payable to bank of S\$333,000; and
- f) partially offset by an increase in other payables of S\$755,000 mainly due to professional fees incurred for the IPO of S\$377,000 that had remained outstanding as at the financial year-end and an increase in directors' and employees' remuneration and benefit expenses of S\$332,000.

Net cash used in investing activity

Net cash used in investing activity amounted to approximately S\$767,000 in FY2014 due to payment for the purchase made in relation to the Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Offer Document), purchase made for the upgrading of the Group's Microsoft Dynamics-Navision and the purchase of computers and office equipment.

Net cash from financing activities

Net cash from financing activities amounted to approximately S\$3.9 million mainly due to the net proceeds from IPO.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group believes that the security products and solutions industry is generally dependent on factors such as perceived threats or otherwise from terrorist activities and political unrests, government budgets and general economic conditions. With the resilient economic outlook and expected increase in government budget allocations for security and defence spending in ASEAN, the demand for the latest security products and solutions is expected to rise in tandem. Our Group believes that it is well-positioned to benefit from this expected increase in demand.

The Group has also been recognised as an authorised distributor of PepperBall Technologies Inc. ("PepperBall Technologies") brand products and services within Vietnam, Indonesia, Malaysia and Cambodia with effect from 15 July 2014. PepperBall Technologies is a supplier of non-lethal PAVA (Pelargonic Acid Vanillylamide)-based launchers and projectiles for those launchers and supplies thousands of users and major agencies including the Federal Bureau of Prisons, the United States Border Patrol, thousands of police and sheriff departments in major United States cities, as well as private entities, security services and bail enforcement agencies around the world. The Group expects the recognition from PepperBall Technologies to contribute positively to the Company's financial performance for the financial year ending 30 June 2015.

Barring any unforeseen circumstances, the Board of Directors is positive about the business outlook for the financial year ending 30 June 2015.

11. Dividend

(a) Whether any interim (final) ordinary dividend has been declared (recommended)

No.

(b) Any dividend declared (recommended) for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. However, pursuant to Rule 905 of the Catalist Rules, the following is disclosed.

	Aggregate value of all the interested person transactions during the year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 902 of the Catalist Rules)
	S\$
<u>Provision of group services (such as, finance, corporate secretarial and human resources).</u>	
IPS Group Pte. Ltd.	(112,200)

PART II - ADDITIONAL INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

14. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	<u>Revenue</u>		<u>Net profit</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Security Solutions Business	8,462,291	6,711,948	3,792,767	1,955,063
Maintenance and Leasing Business	3,983,377	2,776,142	2,397,631	2,064,672
	<u>12,445,668</u>	<u>9,488,090</u>	<u>6,190,398</u>	<u>4,019,735</u>
Other operating income			106,438	14,386
Administrative expenses			(4,694,637)	(2,276,012)
Other operating expenses			(21,539)	(23,099)
Finance costs			(632)	(16,130)
Profit before income tax			<u>1,580,028</u>	<u>1,718,880</u>
Income tax expense			(465,883)	(500)
Profit for the year			<u><u>1,114,145</u></u>	<u><u>1,718,380</u></u>

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>As at 30.06.14</u>	<u>As at 30.06.13</u>
Segment assets		
Security Solutions Business	5,725,688	969,268
Maintenance and Leasing Business	3,505,350	1,986,410
Total segment assets	<u>9,231,038</u>	<u>2,955,678</u>
Unallocated assets	<u>4,870,519</u>	<u>1,576,780</u>
Total consolidated assets	<u><u>14,101,557</u></u>	<u><u>4,532,458</u></u>
Segment liabilities		
Security Solutions Business	3,026,093	645,383
Maintenance and Leasing Business	830,108	322,435
Total segment liabilities	<u>3,856,201</u>	<u>967,818</u>
Unallocated liabilities	<u>1,998,530</u>	<u>530,125</u>
Total consolidated liabilities	<u><u>5,854,731</u></u>	<u><u>1,497,943</u></u>

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>FY2014</u>	<u>FY2013</u>
Other segment information		
Depreciation		
Maintenance and Leasing Business	191,951	188,538
Unallocated	41,178	34,013
	<u>233,129</u>	<u>222,551</u>
Additions to plant and equipment		
Maintenance and Leasing Business	621,972	239,748
Unallocated	145,437	19,287
	<u>767,409</u>	<u>259,035</u>

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>FY2014</u>	<u>FY2013</u>	<u>As at 30.06.14</u>	<u>As at 30.06.13</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Singapore	5,294,405	3,538,668	1,734,055	1,200,722
Vietnam	61,466	4,468,761	-	-
Brunei	367,351	373,044	-	-
Thailand	100,742	1,602	-	-
Indonesia	4,084,693	845,882	-	-
Malaysia	2,537,011	260,133	1,214,932	-
	<u>12,445,668</u>	<u>9,488,090</u>	<u>2,948,987</u>	<u>1,200,722</u>

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above.

16. A breakdown of sales.

	Group		
	FY2014	FY2013	% change
	S\$	S\$	
Revenue - First Half Year	3,799,847	4,015,900	(5.4)
Revenue - Second Half Year	8,645,821	5,472,190	58.0
Revenue - Total	<u>12,445,668</u>	<u>9,488,090</u>	31.2
Profit after tax - First Half Year	235,939	834,286	(71.7)
Profit after tax - Second Half year	878,206	884,094	(0.7)
Profit after tax - Total	<u>1,114,145</u>	<u>1,718,380</u>	(35.2)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2014	FY2013
	S\$	S\$
Ordinary	-	-
Preference	-	-
Total	-	-

18. Use of IPO Proceeds

	Amount allocated (as stated in Offer Document) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance of net proceeds as at the date of this announcement (S\$'000)
To build our long-term Maintenance and Leasing Business in Singapore and Asia-Pacific	2,000	-	2,000
Working capital	693	(693)	-
Net proceeds	2,693	(693)	2,000

The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed.

- 19. 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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

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 Chief Executive Officer
21 August 2014
