



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

Financial Statements And Dividend Announcement For The Half Year Ended 31 December 2014

IPS Securex Holdings Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 30 June 2014. The initial public offering (the "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 HALF 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 of the SGX-ST. 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 half year ended 31 December 2014 ("1H2015") and for the comparative period for the half year ended 31 December 2013 ("1H2014") 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 1H2015 S\$	Unaudited 1H2014 S\$	Increase/ (Decrease) % change
Revenue	5,777,286	3,799,847	52.0
Cost of sales	(2,913,604)	(2,014,937)	44.6
Gross profit	2,863,682	1,784,910	60.4
Other operating income	295,691	218,473	35.3
Administrative expenses	(2,089,438)	(1,698,927)	23.0
Other operating expenses	(14,522)	(3,041)	377.5
Finance costs	(12,459)	-	NM
Profit before income tax	1,042,954	301,415	246.0
Income tax expense	(132,426)	(65,476)	102.3
Profit for the period, representing total comprehensive income for the period	910,528	235,939	285.9

NM denotes not meaningful.

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

	Group		
	Unaudited 1H2015 S\$	Unaudited 1H2014 S\$	Increase/ (Decrease) % change
After charging:			
Depreciation of plant and equipment	(189,031)	(112,248)	68.4
Loss on disposal of plant and equipment	-	(947)	(100.0)
Foreign exchange loss	-	(625)	(100.0)
Inventories written off	(126)	(88)	43.2
Finance costs	(12,459)	-	NM
and crediting:			
Forfeiture of customer's sales deposit	-	185,000	(100.0)
Foreign exchange gain	144,511	-	NM
Inventories written back	98,887	-	NM
Interest income	754	323	133.4

NM denotes not meaningful.

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 31.12.2014	As at 30.06.2014	As at 31.12.2014	As at 30.06.2014
	S\$	S\$	S\$	S\$
ASSETS				
Current assets				
Cash and cash equivalents	6,960,160	4,531,440	4,295,044	3,580,791
Trade receivables	3,636,763	5,330,591	-	-
Other receivables	1,189,091	795,059	4,393,965	811,044
Inventories	496,481	495,480	-	-
Total current assets	12,282,495	11,152,570	8,689,009	4,391,835
Non-current assets				
Long term trade receivables	1,214,932	1,214,932	-	-
Plant and equipment	4,199,753	1,734,055	-	-
Investment in subsidiaries	-	-	3,000,199	3,000,199
	5,414,685	2,948,987	3,000,199	3,000,199
Total assets	17,697,180	14,101,557	11,689,208	7,392,034
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	2,929,804	3,440,797	-	-
Other payables	1,473,255	1,946,364	461,260	667,838
Income tax payable	247,617	363,814	-	-
Borrowings	808,430	-	-	-
Total current liabilities	5,459,106	5,750,975	461,260	667,838
Non-current liabilities				
Borrowings	395,894	-	-	-
Deferred tax liability	167,085	103,756	-	-
	562,979	103,756	-	-
Total liabilities	6,022,085	5,854,731	461,260	667,838
Capital and reserves				
Share capital	9,405,906	6,888,165	9,405,906	6,888,165
Reserves	(589,999)	(589,999)	210,000	210,000
Accumulated profit (losses)	2,859,188	1,948,660	1,612,042	(373,969)
	11,675,095	8,246,826	11,227,948	6,724,196
Total liabilities and equity	17,697,180	14,101,557	11,689,208	7,392,034

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

Group	As at			
	31.12.2014		30.06.2014	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	808,430	-	-	-
Amount repayable after one year	395,894	-	-	-
	<u>1,204,324</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of the collaterals:

The Group's bank borrowings are secured by corporate guarantees given by IPS Securex Holdings Limited.

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	
	Unaudited 1H2015 S\$	Unaudited 1H2014 S\$
Operating activities		
Profit before income tax	1,042,954	301,415
Adjustments for:		
Interest income	(754)	(323)
Interest expense	12,459	-
Depreciation of plant and equipment	189,031	112,248
Loss on disposal of plant and equipment	-	947
Inventories written off	126	88
Inventories written back	(98,887)	-
Net foreign exchange loss	67,856	735
Operating cash flows before working capital changes	1,212,785	415,110
Trade receivables	1,693,828	(761,067)
Other receivables	(393,704)	(99,635)
Inventories	97,760	104,456
Trade payables	(510,994)	393,661
Other payables	(474,210)	392,110
Cash generated from operations	1,625,465	444,635
Income tax paid	(185,294)	-
Interest received	426	323
Net cash from operating activities	1,440,597	444,958
Investing activities		
Purchase of plant and equipment, representing net cash used in investing activities	(2,654,728)	(108,102)
Financing activities		
Restricted cash	-	10,509
Proceeds from issuance of shares, net of issuance costs	2,517,741	-
Interest paid	(11,358)	-
Proceeds from bank borrowings	1,238,551	-
Repayment of bank borrowings	(34,227)	-
Net cash from financing activities	3,710,707	10,509
Net increase in cash and cash equivalents	2,496,576	347,365
Effect of exchange rate changes on the balance of cash held in foreign currencies	(67,856)	(735)
Cash and cash equivalents at beginning of the period	4,531,440	1,454,570
Cash and cash equivalents at end of the period	6,960,160	1,801,200
Cash and cash equivalents in the Group's cash flow statements comprise the following:		
Cash at bank and on hand	4,960,160	1,801,200
Fixed deposits	2,000,000	-
	6,960,160	1,801,200

- 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 2014	6,888,165	(799,999)	210,000	1,948,660	8,246,826
Issuance of ordinary shares pursuant to the placement, net of placement expenses capitalised ⁽¹⁾	2,517,741	-	-	-	2,517,741
Total comprehensive income for the period	-	-	-	910,528	910,528
Balance at 31 December 2014	9,405,906	(799,999)	210,000	2,859,188	11,675,095
Balance at 1 July 2013	2,200,000	-	-	834,515	3,034,515
Issuance of share at date of Company's incorporation	1	-	-	-	1
Total comprehensive income for the period	-	-	-	235,939	235,939
Balance at 31 December 2013	2,200,001	-	-	1,070,454	3,270,455
Company					
Balance at 1 July 2014	6,888,165	-	210,000	(373,969)	6,724,196
Issuance of ordinary shares pursuant to the placement, net of placement expenses capitalised ⁽¹⁾	2,517,741	-	-	-	2,517,741
Total comprehensive income for the period	-	-	-	1,986,011	1,986,011
Balance at 31 December 2014	9,405,906	-	210,000	1,612,042	11,227,948
Issuance of share at date of Company's incorporation	1	-	-	-	1
Total comprehensive income for the period	-	-	-	(7,497)	(7,497)
Balance at 31 December 2013	1	-	-	(7,497)	(7,496)

⁽¹⁾ The Company undertook a share placement exercise whereby 6,000,000 new ordinary shares were issued and allotted to Mr Goh Khoo Lim on 14 October 2014 at a subscription price of S\$0.42 per share.

- 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\$)
As at 1 July 2014	75,000,000	6,888,165
Issuance of new shares in connection with a share placement, net of placement expenses capitalised ⁽¹⁾	6,000,000	2,517,741
Balance as at 31 December 2014	81,000,000	9,405,906

⁽¹⁾ The Company undertook a share placement exercise whereby 6,000,000 new ordinary shares were issued and allotted to Mr Goh Khoo Lim on 14 October 2014 at a subscription price of S\$0.42 per share.

There were no outstanding convertibles or shares held as treasury shares as at 31 December 2013 and 31 December 2014.

- 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.**

	31.12.2014	As at 30.06.2014
Total number of issued shares excluding treasury shares	<u>81,000,000</u>	<u>75,000,000</u>

- 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 auditing standard or practice.**

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the half year ended 31 December 2014 as its most recently audited financial statements for the financial year ended 30 June 2014.

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 half year ended 31 December 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 1H2015	Unaudited 1H2014
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company (S\$)	910,528	235,939
Weighted average number of ordinary shares	77,576,087 ⁽¹⁾	63,000,000 ⁽²⁾
EPS - Basic and diluted (cents)	1.17	0.37
Weighted average number of ordinary shares after adjusting for the Share Split ⁽³⁾	155,152,174	126,000,000
EPS - Basic and diluted (cents) after adjusting for the Share Split ⁽³⁾	0.59	0.19

The basic and diluted earnings per share were the same for 1H2015 and 1H2014 as there were no potentially dilutive instruments as at 31 December 2014 and 31 December 2013.

⁽¹⁾ The computation of the weighted average number of ordinary shares for the half year ended 31 December 2014 uses the post-IPO share capital of 75,000,000 shares and takes into account the 6,000,000 new ordinary shares issued and allotted to Mr Goh Khoon Lim on 14 October 2014 in connection with the share placement exercise.

⁽²⁾ For comparative purpose, the issued and paid up share capital of the Company as at 31 December 2013 of 63,000,000 is assumed to have been in issue throughout the half year ended 31 December 2013.

⁽³⁾ On 5 December 2014, the Company announced a proposed share split of every one (1) existing ordinary share held by shareholders of the Company into two (2) shares (the "Share Split") which resulted in the Company having a share capital of 162,000,000 shares, the listing of which had commenced with effect from 9.00 a.m. on 22 January 2015. For the purpose of this announcement, the weighted average number of shares for 1H2015 and 1H 2014 was adjusted for the Share Split.

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 31.12.2014	As at 30.06.2014	As at 31.12.2014	As at 30.06.2014
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents) ⁽¹⁾	<u>14.4</u>	<u>11.0</u>	<u>13.9</u>	<u>9.0</u>
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents) after adjusting for the Share Split ⁽²⁾	<u>7.2</u>	<u>5.5</u>	<u>6.9</u>	<u>4.5</u>

⁽¹⁾ Net asset value per ordinary share as at 31 December 2014 and as at 30 June 2014 has been computed based on the share capital of 81,000,000 shares and 75,000,000 shares, respectively.

⁽²⁾ For illustrative purpose, net asset value per ordinary share as at 31 December 2014 and as at 30 June 2014 after adjusting for the Share Split, has been computed based on the share capital of 162,000,000 shares and 150,000,000 shares, respectively.

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\$2.0 million or 52.0% from S\$3.8 million in 1H2014 to S\$5.8 million in 1H2015.

Revenue from the Security Solutions Business increased by approximately S\$1.3 million or 61.9% from S\$2.1 million in 1H2014 to S\$3.4 million in 1H2015. This was mainly attributable to the increase in:-

- a) the sale of security products due to increased demand for Acoustic Hailing Systems by customers in Vietnam, increased demand for integrated security solutions by customers in Singapore and the supply of parts for Border Security Equipment to customers in Malaysia in aggregate of S\$3.0 million; and
- b) partially offset by the decrease in the sale of security products in aggregate of S\$1.7 million due to decreased demand for Acoustic Hailing Systems by customers in Indonesia and Singapore and the decrease in the sale of security products in relation to the SIT Project (as defined and disclosed in the Offer Document) as the project was approaching its completion.

Revenue from the Maintenance and Leasing Business increased by approximately S\$671,000 or 39.5% from S\$1.7 million in 1H2014 to S\$2.4 million in 1H2015. This was mainly attributable to the increase in:-

- a) fees earned of S\$456,000 from the provision of maintenance support services to customers in Thailand and Indonesia pursuant to existing maintenance support services contracts entered into during the second half year ended 30 June 2014 ("2H2014");
- b) consultancy fees earned of S\$439,000 for work in progress from the provision of security consultancy for the design of the airport security in relation to the African airport in Ethiopia which began in 2H2014; and
- c) partially offset by the absence in 1H2015 of the ad-hoc replacement of a component in a security system for a public sector customer in Singapore incurred in 1H2014 of S\$345,000.

Cost of sales

Cost of sales increased by approximately S\$899,000 or 44.6% from S\$2.0 million in 1H2014 to S\$2.9 million in 1H2015. This was mainly attributable to the increase in direct material costs due to:-

- a) the sale of security products to customers in Vietnam and Malaysia; and
- b) the continued amortisation of the cost of several extended supply contracts that the Group had entered into in 2H2014 over the duration of several maintenance support services contracts which were renewed with several public sector customers in Singapore and Brunei, and with its dealers in Indonesia and Thailand. This arrangement with the Group's supplier ensures its customers of the availability of maintenance support from its supplier over the duration of the maintenance support services contracts and ensures that this support would be rendered at a fixed cost to it.

Gross profit and gross profit margin

Gross profit increased by approximately S\$1.1 million or 60.4% from S\$1.8 million in 1H2014 to S\$2.9 million in 1H2015. The corresponding gross profit margin increased from approximately 47.0% in 1H2014 to approximately 49.6% in 1H2015. The improvement in gross profit margin was attributable mainly to the higher margins secured from both the Security Solutions Business and Maintenance and Leasing Business.

Other operating income

Other operating income increased by approximately S\$77,000 or 35.3% from S\$218,000 in 1H2014 to S\$296,000 in 1H2015. This was mainly attributable to the increase in:-

- a) foreign exchange gain of S\$145,000 mainly due to the appreciation of the trade receivables denominated in the United States currency against the Singapore dollar;
- b) inventories written back of S\$99,000 due to the sale of security products which were previously fully written down; and
- c) partially offset by the absence in 1H2015 of the forfeiture of a customer's sales deposit of S\$185,000 in 1H2014 because of the cancellation of the order.

Administrative expenses

Administrative expenses increased by approximately S\$391,000 or 23.0% from S\$1.7 million in 1H2014 to S\$2.1 million in 1H2015. This was mainly attributable to the increase in:-

- a) distribution and marketing expenses of S\$121,000;
- b) directors' and employees' remuneration and benefit expenses of S\$550,000 mainly due to the increase in headcount and the increase in director's fees pursuant to the appointment of the independent directors in end-2H2014;
- c) on-going compliance fees as a Catalyst-listed company of S\$68,000; and
- d) partially offset by the absence in 1H2015 of IPO expenses incurred in 1H2014 of S\$401,000.

Other operating expenses

Other operating expenses increased by approximately S\$11,000 or 377.5% from S\$3,000 in 1H2014 to S\$15,000 in 1H2015. This was mainly attributable to an increase in bank charges of S\$10,000.

Finance costs

Finance costs of approximately S\$12,000 was incurred in 1H2015. This was mainly attributable to the interest incurred for utilisation of trade financing, hire purchase and revolving loan facilities with banks.

Income tax expense

Income tax expense increased by approximately S\$67,000 or 102.3% from S\$65,000 in 1H2014 to S\$132,000 in 1H2015. This was mainly attributable to higher profit before tax and the lapse of the Corporate Income Tax (CIT) Rebate of 30%, subject to a cap of S\$30,000 per year of assessment, which was announced in Budget 2013.

Profit for the period

As a result of the above, profit for the period increased by approximately S\$675,000 or 285.9% from S\$236,000 in 1H2014 to S\$911,000 in 1H2015.

Review of the Group's financial position

Current assets

Current assets increased by approximately S\$1.1 million from S\$11.2 million as at 30 June 2014 to S\$12.3 million as at 31 December 2014. The increase in current assets was mainly due to the increase in:-

- a) cash and cash equivalents of S\$2.4 million mainly due to unutilised net proceeds raised from the share placement exercise the shares of which were issued and allotted on 14 October 2014;
- b) other receivables of S\$394,000 mainly due to deposits placed with the Group's suppliers for purchases of security products of S\$199,000 and deferred expenditure pertaining to prepaid sub-contracting costs for the maintenance support services that the Group provides of S\$127,000; and
- c) partially offset by the decrease in trade receivables of S\$1.7 million due mainly to the receipt of payment from the Group's customers for the purchase of Acoustic Hailing Systems.

Non-current assets

Non-current assets increased by approximately S\$2.5 million from S\$2.9 million as at 30 June 2014 to S\$5.4 million as at 31 December 2014. The increase in non-current assets was due to the increase in plant and equipment of S\$2.5 million mainly due to purchases made for the Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Offer Document) awarded in 2H2014 and 1H2015 and purchase of company vans.

Current liabilities

Current liabilities decreased by approximately S\$292,000 from S\$5.8 million as at 30 June 2014 to S\$5.5 million as at 31 December 2014. The decrease in current liabilities was mainly due to the decrease in:-

- a) trade payables of S\$511,000 due to the net effect of the payment of trade payables to suppliers of S\$688,000 and an increase of bills payable to bank of S\$177,000;
- b) other payables of S\$473,000 mainly due to the net effect of the payment of professional fees incurred for the IPO of S\$377,000, decrease in accruals in aggregate of S\$132,000 in relation to the payment of employees' remunerations and benefit expenses and professional fees for audit, tax and secretarial services and an increase in advances from customers of S\$76,000;
- c) income tax payable of \$116,000 due to payment of monthly tax instalment to the Inland Revenue Authority of Singapore; and
- d) partially offset by an increase in bank borrowings of S\$808,000 mainly due to the utilisation of hire purchase and revolving loan facilities.

Non-current liabilities

Non-current liabilities increased by approximately S\$459,000 from S\$104,000 as at 30 June 2014 to S\$563,000 as at 31 December 2014. This was mainly due to an increase in bank borrowings of S\$396,000.

Capital and reserves

The increase in capital and reserves from approximately S\$8.2 million as at 30 June 2014 to \$11.7 million as at 31 December 2014 was due mainly to the net proceeds from the share placement exercise the shares of which were issued and allotted on 14 October 2014 and profits from 1H2015.

Review of the Group's cashflows

Net cash from operating activities

In 1H2015, the net cash from operating activities was approximately S\$1.4 million, which consisted mainly of operating cashflows before working capital changes of S\$1.2 million, net working capital inflow of S\$413,000 and income tax paid of S\$185,000.

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

- a) a decrease in trade receivables of S\$1.7 million due mainly to the receipt of payment from the Group's customers for the purchase of Acoustic Hailing Systems;
- b) a decrease in inventories of S\$98,000 mainly due to decrease in purchase of parts and components;
- c) partially offset by an increase in other receivables of S\$394,000 mainly due to deposits placed with the Group's suppliers for purchases of security products of S\$199,000 and deferred expenditure pertaining to prepaid sub-contracting costs for the maintenance support services that the Group provides of S\$127,000;
- d) partially offset by a decrease in trade payables of S\$511,000 due to the net effect of the payment of trade payables to suppliers of S\$688,000 and an increase of bills payable to bank of S\$177,000; and
- e) partially offset by a decrease in other payables of S\$474,000 mainly due to the net effect of the payment of professional fees incurred for the IPO of S\$377,000, decrease in accruals in aggregate of S\$132,000 in relation to the payment of employees' remunerations and benefit expenses and professional fees for audit, tax and secretarial services and an increase in advances from customers of S\$76,000.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$2.7 million in 1H2015 mainly due to payment for purchases made for the Alert Alarm Systems in respect of the HDB Project awarded in 2H2014 and 1H2015 and purchase of company vans.

Net cash from financing activities

Net cash from financing activities amounted to approximately S\$3.7 million in 1H2015 mainly due to the net proceeds from the share placement exercise of S\$2.5 million the shares of which were issued and allotted on 14 October 2014 and proceeds from bank borrowings of S\$1.2 million.

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, civil and political unrests, government budgets and general economic conditions.

According to the Global Terrorism Database⁽⁷⁾ by the National Consortium for the Study of Terrorism and Responses to Terrorism ("START"), more than 125,000 cases of transnational and international terrorist incidents have occurred from 1970 to 2013. As governments and organisations seek preventative security measures, the Group believes that the demand for security surveillance, products and solutions will rise.

The Group believes it is well-positioned to benefit from this increase in demand and has broadened its range of security products and integrated security solutions. New suppliers such as PepperBall Technologies Inc., Accipiter Radar Technologies Inc. and Bio-Nexus Research Pte. Ltd. were added in 1H2015, allowing the Group to offer an even more comprehensive suite of solutions to its clients. At the same time, the Group is also growing its geographical footprint by expanding its distribution rights for some of its products from 10 to 14 countries as part of its strategy to become a leading security solutions provider in the Asia-Pacific.

The Group is also starting to move into the co-development and manufacturing of security products. A memorandum of understanding ("MOU") was signed on 26 September 2014 for the co-operation and collaboration in exploring business opportunities in the secured virtual healthcare systems and solutions business with one of the Company's substantial shareholder, Mr Goh Khoo Lim, while another MOU was signed on 22 December 2014 for the development, manufacture, marketing and sale of the HyperWhistle with Wattre Corporation and United Tactical Systems, LLC. The project for the secured virtual healthcare systems and solutions business is in the preliminary development phase whereas for the HyperWhistle project, all concerned parties are working towards the finalisation of a definitive agreement prior to the commencement of the project.

Also, contracts awarded by the Housing and Development Board and SMRT Trains Ltd as previously announced on 29 August 2014 and 23 July 2014, respectively, are expected to have a further impact on the revenue of the Group in the second half of the financial year ending 30 June 2015.

As announced on 5 December 2014, the Company proposed a share split of every one (1) existing ordinary share held by shareholders of the Company into two (2) shares. Further to the share split books closure date on 20 January 2015, the Company has an issued and paid-up share capital of approximately S\$9.4 million comprising 162,000,000 shares, the listing of which had commenced with effect from 9.00 a.m. on 22 January 2015.

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

⁽¹⁾ *Global Terrorism Database is an open-source database including information on terrorist events around the world from 1970 through 2013 (with additional annual updates planned for the future). Link: <http://www.start.umd.edu/gtd/>*

11. Dividend

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

Name of dividend	Ordinary cash dividend
Dividend type	Interim
Dividend amount per share (in cents)	0.75 cent per ordinary share
Tax rate	One-tier tax exempt

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

No.

(c) Date payable

5 March 2015.

(d) Books closure date

24 February 2015.

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.

There were no IPTs of S\$100,000 and above for the half year ended 31 December 2014.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

14. Use of Share Placement Proceeds

Pursuant to an announcement dated 25 August 2014 by the Company, the net proceeds from the IPO had been fully utilised as of the date thereof.

The Company undertook a share placement exercise whereby 6,000,000 new ordinary shares were issued and allotted on 14 October 2014 at a subscription price of S\$0.42 per share raising net proceeds of approximately S\$2.5 million. The net proceeds raised from the share placement exercise have not been utilised to date.

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

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

The Board of Directors (the "Board") of the Company, do hereby confirm 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 1H2015 to be false or misleading in any material aspect.

By Order of the Board

Kelvin Lim Ching Song
Executive Director and Chief Executive Officer
11 February 2015
