



IPS Securex Holdings Limited
Company Registration Number: 201327639H
Incorporated in the Republic of Singapore
213 Henderson Road, #04-09,
Henderson Industrial Park
Singapore 159553
www.ips-securex.com

Media Release

IPS Securex posts positive earnings in 1Q2020

- The Group's revenue for 1Q2020 rose 47.0% to S\$3.1 million
- Revenue from the Security Solutions Business increased by 145.7% to S\$1.7 million while revenue from the Maintenance and Leasing Business remained stable at S\$1.4 million
- The Group's net profit rose to S\$0.1 million in 1Q2020 from net loss of S\$0.3 million in 1Q2019

SINGAPORE, 7 November 2019 – 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, is pleased to announce its consolidated financial results for the first quarter ended 30 September 2019 (“1Q2020”).

1Q2020 Financial Highlights

In S\$'million unless otherwise stated	First quarter ended 30 Sep 2019	First quarter ended 30 Sep 2018	Change (%)
Revenue	3.1	2.1	47.0
Gross profit	1.5	1.0	52.2
Profit/(Loss) before tax	0.1	(0.3)	NM
Net Profit/Loss	0.1	(0.3)	NM

Note: NM denotes not meaningful.

Commenting on the 1Q2020 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said, ***“We are happy to see growth in our Group’s revenue for the quarter and a return to the black. Our revenue from the Security Solutions Business grew 145.7% this quarter, backed by a stable revenue stream from our Maintenance and Leasing Business. We will continue to work on securing more tenders with our current and potential customers in the region.”***

The Group’s 1Q2020 revenue increased by approximately 47.0% to S\$3.1 million from S\$2.1 million in the first quarter ended 30 September 2018 (“1Q2019”).

The revenue for the Group’s Security Solutions Business grew approximately 145.7% from S\$692,000 in 1Q2019 to S\$1.7 million in 1Q2020. The revenue increase was mainly attributable to the increase in revenue from the sale of security products to customers in Singapore, the Rest of Southeast Asia¹ and East Asia² region, and an increase in revenue from integrated security solutions in Singapore in 1Q2020. This was partially offset by a decrease in revenue from the sale of security products to customers in the Indochina³ region.

The Group’s Maintenance and Leasing Business’ revenue remained relatively stable at S\$1.4 million for both 1Q2020 and 1Q2019. Overall gross profit increased by approximately 52.2% from S\$1.0 million in 1Q2019 to S\$1.5 million in 1Q2020.

Other income increased by approximately 260.6% from S\$5,000 in 1Q2019 to S\$18,000 in 1Q2020, and this was due to a sponsorship received from a business partner for a marketing and seminar event and increase in miscellaneous income, which was partially offset by a decrease in government grants and subsidies. Administrative expenses remained relatively stable at S\$1.3 million in both 1Q2020 and 1Q2019.

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

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

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

Other operating expenses increased by approximately 44.5% from S\$22,000 in 1Q2019 to S\$32,000 in 1Q2020. This was mainly due to an increase in allowance for doubtful debts, an increase of allowance for inventory obsolescence, inventories written off and bank charges. This was partially offset by a decrease in miscellaneous expenses.

Finance income decreased by approximately 94.1% from S\$20,000 in 1Q2019 to S\$1,000 in 1Q2020 mainly due to a decrease in interest earned from bank and a decrease in foreign exchange gain arising from trade receivables denominated in United States dollar attributable to the appreciation of the United States dollar against the Singapore dollar.

Finance costs increased by approximately 279.1% from S\$8,000 in 1Q2019 to S\$31,000 in 1Q2020 mainly due to higher utilisation of trade financing facilities which was partially offset by lower interest expenses in 1Q2020 following the repayment of the term loan in April 2019 by the Group to fund the acquisition of Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte Ltd.

As a result of the above, the Group recorded an overall net profit of S\$0.1 million in 1Q2020 from a net loss of S\$0.3 million in 1Q2019.

Financial Position

As at 30 September 2019, the Group had net assets of approximately S\$6.7 million, as compared to S\$6.5 million as at 30 June 2019. Cash and cash equivalents as at 30 September 2019 stood at approximately S\$3.5 million, as compared to approximately S\$3.9 million as at 30 June 2019.

Outlook

Terrorism remains a dynamic risk and a serious threat globally. During the 74th session of United Nations General Assembly at the UN headquarters, UN secretary-general Antonio Guterres warned that the world is facing "an unprecedented threat from intolerance, violent extremism and terrorism" that affects every country, exacerbating conflicts and destabilising entire regions.⁴

⁴ <https://www.straitstimes.com/world/united-states/un-chief-world-faces-unprecedented-threat-from-terrorism>

At the same time, social unrest and political instability could rapidly bring about violence as seen from the recent developments in Hong Kong this year.

The threat of terrorism could also create persistent political and economic challenges for the countries where the Group's customers are based in. In order to ensure that its products and solutions are competitive, the Group will continue to engage customers in discussions so as to understand their evolving needs in order to provide them with the most suitable solutions. This has resulted in the recent award of purchase orders to the Group's subsidiary, Securex GS Pte. Ltd., as announced on 10 Oct 2019. The Group is hopeful that this momentum will continue. In addition, previous tenders which have been delayed are showing indications of being re-started.

The Group will continue to participate in various tender processes and projects in Singapore and the region, while at the same time source for new, integrated security products and solutions to meet the dynamic needs and challenges of its current and future customers.

End.

Note to Media: 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, the Group has been providing a diverse base of customers with security products and integrated security solutions which are deployed to address various security requirements, including checkpoint security, law enforcement and the protection and surveillance of buildings and critical infrastructure. The Group is a one-stop security solutions provider that designs, installs, tests and commissions, maintains and leases integrated security solutions, the Group has built an accomplished and thriving reputation in the security products and solutions industry. 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 – Merit Award for Best Investor Relations (First-Year Listed Companies) in 2015.

Issued on behalf of	:	IPS Securex Holdings Limited
By	:	Cogent Communications Pte Ltd 51 Goldhill Plaza, #22-05, Singapore 308900
Contact	:	Ms Candy Soh / Mr Gerald Woon
Office	:	(65) 6704 9288
Email / DID / Mobile	:	candysoh@kogentcomms.com / (65) 6704 9284 / (65) 9816 8391 woon@kogentcomms.com / (65) 6704 9268 / (65) 9694 8364

*This media release has been prepared by IPS Securex Holdings Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

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

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