



Media Release

IPS Securex records net profit of S\$2.3 million for FY2016

SINGAPORE, 22 August 2016 – 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 that its net profit for the year ended 30 June 2016 (“FY2016”) of S\$2.3 million was a 0.5% increase from the year ended 30 June 2015 (“FY2015”).

Commenting on the FY2016 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said: ***“Our FY2016 financial results were impacted by the delay in delivery of certain orders to regional governments and their agencies. However, we believe that security is still of primary concern for many countries in the Asia Pacific and that will continue to bode well for our Security Solutions Business.”***

FY2016 Financial Highlights

In S\$'million unless otherwise stated	FY2016	FY2015	% Change
Revenue	12.76	15.66	(18.5)
Gross profit	6.03	6.46	(6.6)
Profit before income tax	2.58	2.56	0.9
Net profit	2.26	2.25	0.5

The Group’s FY2016 revenue decreased by 18.5% to S\$12.76 million, with its Security Solutions Business and the Maintenance and Leasing Business recording revenue decreases of approximately S\$2.5 million and S\$0.4 million respectively.

The decrease in revenue for the Group's Security Solutions Business was mainly due to the decrease in the sale of Acoustic Hailing Systems to customers in Indochina¹ and the decreased demand for security solutions products by customers in the Rest of Southeast Asia² and Singapore in aggregate of S\$8.3 million. This was partially offset by an increase in the sale of Acoustic Hailing Systems to customers in the Rest of Southeast Asia, as well as the increase in demand for integrated security solutions in Singapore and Indochina in aggregate of S\$5.8 million

As announced by the Company on 18 May 2016, the Group had also received two POs for Acoustic Hailing Systems, with a total contract value of US\$2.93 million, of which one PO amounting to a contract value of US\$510,000 had been recognized in FY2016, while the delivery for the other PO amounting to a contract value of US\$2.42 million had been delayed. This had also contributed to the lower revenue in FY2016 from the Security Solutions Business.

The decrease in revenue for the Group's Maintenance and Leasing Business was mainly due to the absence in FY2016 of consultancy fees for the design of an airport security product and fees earned for the provision of ad-hoc maintenance support services to a customer in Singapore. The was partially offset by an increase in fees from the provision of ad-hoc maintenance support services to customers in the Rest of Southeast Asia, Singapore and Indochina and by an increase in fees from the lease and maintenance contracts entered into with HDB in October 2014, which started to generate lease income in January 2015.

Other operating income increased by approximately S\$1.4 million from S\$551,000 in FY2015 to S\$2.0 million in FY2016. This was mainly due to a credit note received from a supplier for S\$1.5 million in relation to trade payables due to the supplier for a previous contract to provide security products and solutions to a customer and was partially offset by the absence in FY2016

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

² "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines, Timor Leste, China, Hong Kong and Korea

of a reversal of allowance for inventory obsolescence of S\$99,000 recorded in FY2015 from the sale of security products which were previously fully written down.

Administrative expenses increased by 17.1% to S\$5.1 million in FY2016 from S\$4.4 million in FY2015, mainly attributable to directors' and employees' remuneration and benefit expenses of S\$0.6 million mainly due to annual salary increments and the increase in headcount for the newly acquired Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte. Ltd., and professional fees related to the acquisition.

Overall, the Group's net profit remained relatively stable at S\$2.3 million for FY2016 and FY2015, respectively.

Healthy Financial Position

As at 30 June 2016, the Group had net assets of approximately S\$12.9 million, compared to S\$11.8 million as at 30 June 2015. Cash and cash equivalents as at 30 June 2016 stood at S\$3.9 million as compared to S\$4.8 million as at 30 June 2015. Net asset value per share³ grew from 2.4 Singapore cents as at 30 June 2015 to 2.6 Singapore cents as at 30 June 2016.

Looking Ahead

To date, according to the Global Terrorism Database by the National Consortium for the Study of Terrorism and Responses to Terrorism ("START"), there has been more than 150,000 cases of transnational and international terrorist incidents from 1970 to 2015⁴. In the Asia Pacific, the threat of terrorism remains very real, especially in relation to Islamic State in Iraq and Syria ("ISIS"). Recent terrorist-related events in the region are a timely reminder of this threat. According to Homeland Security Research Corp. ("HSRC")⁵, the Asia-Pacific Homeland Security

³ For comparative purposes, net asset value per ordinary share as at 30 June 2016 and 30 June 2015 has been computed based on the share capital of 486,000,000 shares.

⁴ The Global Terrorism Database is an open-source database including information on terrorist events around the world from 1970 through 2015 (with additional annual updates planned for the future).

Link: <http://www.start.umd.edu/gtd/>

⁵ Homeland Security Research Corp. ("HSRC") is an international market and technology research firm specializing in the Homeland Security (HLS) & Public Safety (PS) industry.

("HLS") & Public Safety ("PS")⁶ market is forecasted to grow at a double-digit Compound Annual Growth Rate ("CAGR") throughout the 2015-2022 period.

The increasing frequency of terrorism globally and in the Asia Pacific, coupled with continued concerns about general security, are factors that will compel more governments and organisations to look for preventive security monitoring and control measures, which the Group believes will continue to propel the demand for its security products and integrated security solutions. To better serve its customers, the Group will continue to acquire and develop innovative security products and solutions to keep ahead of today's rapidly changing security challenges.

"We have been integrating the operations of Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte. Ltd. which we had acquired in April 2016 into that of the Group. As a result, we believe that we are now bigger and stronger, and this would put us in a better position moving forward", Mr Lim added.

Barring any unforeseen circumstances, the Group remains positive about the business outlook for FY2017.

End.

Note to Media: This media release is to be read in conjunction with the results 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.

Link: <http://homelandsecurityresearch.com>

⁶ Includes aviation, borders, maritime, and perimeter security, along with critical infrastructure security, land transportation security, cyber security, Chemical, Biological, Radiological and Nuclear Defense ("CBRNE Defense") mitigation systems and police modernisation.

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, its distribution rights for some of its products span 10 countries in Asia Pacific, including Singapore, Cambodia, Brunei, Vietnam, Indonesia, Malaysia, Thailand, Myanmar, Philippines, Laos, China (including Hong Kong and Macau), Australia, India, Sri Lanka, Japan, South Korea and Taiwan.

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

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