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## Media Release

# IPS Securex's 2Q2018 net profit reached S\$0.5 million on the back of S\$2.6 million in revenue

- Maintenance & Leasing Business continues to grow

SINGAPORE, 9 February 2018 – 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 second quarter ended 31 December 2017 (“2Q2018”).

### Financial Highlights

In S\$'million unless otherwise stated	Second quarter ended 31 Dec 2017 (“2Q2018”)	Second quarter ended 31 Dec 2016 (“2Q2017”)	Change (%)	Half year ended 31 Dec 2017 (“1H2018”)	Half year ended 31 Dec 2016 (“1H2017”)	Change (%)
Revenue	2.6	5.4	(51.6)	4.9	7.1	(30.6)
Gross profit	1.3	2.8	(51.2)	2.3	3.6	(35.6)
Profit before tax	0.5	1.3	(60.6)	0.2	0.8	(72.4)
Net profit	0.5	1.2	(59.7)	0.3	0.7	(64.8)

Commenting on the 2Q2018 results, Mr Kelvin Lim (林青宋), Executive Director and Group Chief Executive Officer of IPS Securex said, ***“We will continue to expand our product range and reach out to new customers as we ride out this challenging period. We wish to assure shareholders that we are doing everything we can to build up the business and expand our markets in the Asia Pacific.”***

The Group's 2Q2018 revenue decreased by approximately 51.6% to S\$2.6 million from S\$5.4 million in 2Q2017, and decreased by approximately 30.6% to S\$4.9 million in 1H2018 from S\$7.1 million in 1H2017. The Maintenance and Leasing Business continues to record revenue gain despite the decrease in the Security Solutions Business.

Revenue for the Group's Security Solutions Business decreased by approximately 71.8% from S\$3.9 million in 2Q2017 to S\$1.1 million in 2Q2018, and decreased by approximately 55.8% from S\$4.3 million in 1H2017 to S\$1.9 million in 1H2018. This was mainly attributable to the absence of the sale of Acoustic Hailing Systems to a customer in the Rest of Southeast Asia<sup>1</sup>, which was partially offset by an increase in demand for integrated security solutions in Singapore and security solution products in Singapore and the Rest of Southeast Asia for the period under review.

The Group's Maintenance and Leasing Business' revenue increased by approximately 2.6% from S\$1.5 million in 2Q2017 to S\$1.6 million in 2Q2018, and increased by approximately 10.1% from S\$2.8 million in 1H2017 to S\$3.1 million in 1H2018. This was mainly attributable to the increase in the provision of maintenance support services to customers in Singapore.

The Group's gross profit decreased by approximately 51.2% from S\$2.8 million in 2Q2017 to S\$1.3 million in 2Q2018, and decreased by approximately 35.6% from S\$3.6 million in 1H2017 to S\$2.3 million in 1H2018.

Other income increased by approximately 2,978.0% from S\$16,000 in 2Q2017 to S\$494,000 in 2Q2018, and increased by approximately 1,049.8% from S\$52,000 in 1H2017 to S\$594,000 in 1H2018. The increase was mainly attributable to the recovery of outstanding debts of approximately S\$503,000, which was previously provided as doubtful debts in full year ended 30 June 2017 ("**FY2017**").

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<sup>1</sup> Rest of Southeast Asia includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

Administrative expenses decreased by approximately 28.5% from S\$1.7 million in 2Q2017 to S\$1.2 million in 2Q2018, and decreased by approximately 20.1% from S\$3.2 million in 1H2017 to S\$2.6 million in 1H2018. This was mainly attributable to the decrease in employees' remuneration and benefit expenses mainly due to lower staff bonuses accrued in 1Q2018 and 1H2018, and lower professional fees and distribution and marketing expenses.

Other operating expenses remained stable at approximately S\$3,000 in both 2Q2017 and 2Q2018, and decreased by approximately 57.4% from S\$17,000 in 1H2017 to S\$7,000 in 1H2018 as plant and equipment were written off due to obsolescence.

Finance income decreased by approximately 97.4% from S\$331,000 in 2Q2017 to S\$9,000 in 2Q2018, and decreased from S\$424,000 in 1H2017 by approximately 96.8% to S\$14,000 in 1H2018. The decrease was mainly due to the absence of a foreign exchange gain arising from the appreciation of trade receivables denominated in United States dollar against the Singapore dollar.

Finance costs increased by approximately 476.7% from S\$12,000 in 2Q2017 to S\$68,000 in 2Q2018, and increased by approximately 316.8% from S\$26,000 in 1H2017 to S\$109,000 in 1H2018, which was mainly due to foreign exchange loss attributable to the weakening of the United States dollar in which the Group's sales were denominated against the Singapore dollar.

As a result of the above, the Group recorded an overall net profit of S\$0.48 million in 2Q2018, an approximate 59.7% decrease from S\$1.2 million in 2Q2017, and an overall net profit of S\$0.26 million in 1H2018 which was an approximate 64.8% decrease from S\$0.73 million in 1H2017.

## Financial Position

As at 31 December 2017, the Group had net assets of approximately S\$9.3 million, as compared to S\$9.1 million as at 30 June 2017. Cash and cash equivalents as at 31 December 2017 stood at approximately S\$3.3 million compared to approximately S\$4.9 million as at 30 June 2017.

## Looking Ahead

According to Jane's Defence Budgets Report<sup>2</sup>, global defence expenditure is set to increase again in 2018 to reach its highest level since the end of the Cold War. Defence spending is expected to increase by 3.3 percent in 2018 which is the fastest rate of growth for a decade, largely driven by the largest year-on-year increase in spending by the United States since 2008. According to the report, the Asia-Pacific, which has experienced robust growth over the last decade, slowed its growth in 2017 to its lowest rate since 2010 due to smaller increases in China and India and cuts to spending in Southeast Asia. Despite the slowdown in 2017, the foundations remain in place for robust increases to return over the next two years with the Asia-Pacific still expected to be behind the driving force behind long term growth in global defence spending.

With the rise of nationalism and reactionary populism, the risk of exposure to right and left-wing terrorism continues to be on the rise in a number of countries. There is little improvement to deterrence and stability with continued weakening of the European Union, North Atlantic Treaty Organisation ("**NATO**") and United Nations governments today have to continue to deal with the evolution of active groups, potential targets and types of attack, all of which present a complex spectrum of risk and impact.

While governments continue to deal with this challenging operating and political environment, the Group will continue its efforts to market its range of security products and integrated security solutions to customers in the Asia Pacific region in order to meet their needs, while engaging in continual cost management.

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<sup>2</sup> Jane's Defence Budgets Report. Link: <https://ihsmarkit.com/research-analysis/global-defence-spending-to-hit-post-cold-war-high-in-2018.html>

The Company also believes that while there is persistent threats and continued security concerns in the Asia-Pacific region, countries are still required to stay in high vigilance, which involves the continued purchase, upgrade and replacement of existing security equipment and systems, which will generate long-term demand for the Group's security products and integrated security systems.

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](http://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).

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*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 the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this media release.*

*This media release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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