



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

Media Release

IPS Securex's 1H2017 gross profit grew to S\$3.6 million

- IPS Securex believes that the demand for security products and integrated security solutions will continue to rise and benefit it in the long term
- Gross profit increased by 6.9% to S\$3.6 million in 1H2017
- Revenue increase of 2.5% to S\$7.1 million due to an increase in the revenue for the Maintenance and Leasing Business

SINGAPORE, 8 February 2017 – 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 that its gross profit for the half year ended 31 December 2016 (“1H2017”) grew 6.9% to approximately S\$3.6 million from the previous corresponding half year ended 31 December 2015 (“1H2016”). This was on the back of a 2.5% increase in revenue to S\$7.1 million in 1H2017 compared to S\$7.0 million in 1H2016.

Commenting on the 1H2017 results, Mr Kelvin Lim (林青宋), Executive Director and Group Chief Executive Officer of IPS Securex said, ***“Our profitability in 1H2017 was affected by our integration with Yatai Security & Communications and Avac Systems which has been completed. We expect stronger sales from our Security Solutions Business for the second half of the financial year ending 30 June 2017 due to seasonality, as our customers who are government bodies and agencies usually finalise their defence and security spending over this period of time. Going forward, we are looking to expand our products and solutions range further so as to cater to the specific requirements of different countries in the Asia Pacific.”***

1H2017 Financial Highlights

In S\$'million unless otherwise stated	1H2017	1H2016	Change (%)
Revenue	7.1	7.0	2.5
Gross profit	3.6	3.4	6.9
Profit before tax	0.8	1.1	(28.9)
Net profit	0.7	1.0	(27.6)

The Group's Maintenance and Leasing Business' revenue increased by approximately 12.0% from S\$2.5 million in 1H2016 to S\$2.8 million in 1H2017. The increase was largely attributable to an increase in fees earned from the provision of ad-hoc maintenance support services to customers in Singapore, Indochina¹ and the Rest of Southeast Asia².

The Group's Security Solutions Business, on the other hand, saw a 2.3% decrease in revenue from S\$4.4 million in 1H2016 to S\$4.3 million in 1H2017, mainly attributable to the decrease in demand for integrated security solutions by customers in Singapore and partially offset by an increase in the sale of Acoustic Hailing Systems to customers in the Rest of Southeast Asia.

The Group's gross profit increased by 6.9% from S\$3.4 million in 1H2016 to S\$3.6 million in 1H2017 mainly due to the net decrease in direct material costs and an improvement in gross profit margin attributable to higher margins derived from the Maintenance and Leasing Business.

Other income increased by 144.5% from S\$195,000 in 1H2016 to S\$476,000 in 1H2017 mainly due to the increase in foreign exchange gain as a result of the appreciation of trade receivables denominated in United States dollar against the Singapore dollar.

Administrative expenses increased by approximately 34.5% from S\$2.4 million in 1H2016 to S\$3.2 million in 1H2017 mainly attributable to the increase in employees' remuneration and benefit expenses primarily due to annual salary increments and an increase in headcount arising from the acquisition of Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd., as well as depreciation of plant and equipment, distribution and marketing expenses, and office and storage rental.

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

² "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

Overall, the Group recorded a net profit of approximately S\$0.7 million in 1H2017, which was a 27.6% decrease from approximately S\$1.0 million in 1H2016. The Group's performance for 1H2017 was affected by the acquisition and integration of Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd. into the Group.

Financial Position

As at 31 December 2016, the Group had net assets of approximately S\$12.4 million, as compared to S\$12.9 million as at 30 June 2016. Cash and cash equivalents as at 31 December 2016 stood at approximately S\$4.5 million as compared to approximately S\$3.9 million as at 30 June 2016.

Looking Ahead

In Asia, the Islamic State of Iraq and Syria ("ISIS") continues to be a significant risk, compelling many countries to look at ways of dealing with the extremist threats. In addition, there has been rising tension between countries involved in territorial claims at sea, for example, which has created an increasingly complex and volatile security environment. Given these heightened security threats and issues, the Group believes that it is in a good position to benefit from the increasing long-term demand for security products and integrated security solutions. To provide more options for customers to deal with their specific security challenges, the Group will further broaden its range of security products and integrated security solutions.

Pursuant to a business agreement dated 11 May 2015 between the Company's wholly-owned subsidiary, IPS Securex Pte. Ltd. ("IPS"), and United Tactical Systems LLC ("UTS"), IPS is in the process of establishing a centralised service centre in Singapore in relation to all product returns and repairs for the UTS line of products and accessories, including Pepperball brand of non-lethal countermeasure technology products to support the Group's customers. IPS is also still in discussions with UTS to mutually explore development, manufacturing, marketing and selling efforts for component manufacturing, product assembly and product service for UTS line of products and accessories.

Further, pursuant to a memorandum of understanding dated 22 December 2014 between IPS, UTS and Wattre Corporation, parties are currently exploring the development, manufacturing, marketing and sale of HyperWhistle, a high decibel traditional form whistle.

In addition, the Group has also completed the pilot run of its Secured Virtual Healthcare Systems and Solutions (the “SVHSS”) at Kembangan-Chai Chee Seniors Activity Centre (the “SAC”) and is currently waiting for the customer to make a decision on a potential procurement and roll-out plan. The SVHSS enables real-time communication and interface between volunteers of the SAC and the elderly at home who require emergency assistance.

Barring any unforeseen circumstances, the Board of Directors remains positive about the Group’s business outlook for the financial year ending 30 June 2017.

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, 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).

Issued on behalf of	: IPS Securex Holdings Limited
By	: Cogent Communications Pte Ltd 100 Beach Road, #32-02/03 Shaw Tower, Singapore 189702
Contact	: Mr Gerald Woon

Office : (65) 6704 9288

Email / DID / Mobile : woon@cogentcomms.com / (65) 6704 9268 / (65) 9694 8364

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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.

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.