



Media Release

IPS Securex's 9M2017 net profit rose 68.8%

- 9M2017 revenue rose 14.0% to S\$9.5 million with gross profit increasing by 19.7% to S\$4.8 million
- Revenue from Security Solutions Business rose 14.8% to S\$5.2 million whereas revenue from Maintenance and Leasing Business increased by 13.8% to S\$4.3 million in 9M2017

SINGAPORE, 15 May 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 it recorded a 68.8% increase in net profit to S\$0.3 million for the nine months ended 31 March 2017 (“9M2017”) from S\$0.2 million for the nine months ended 31 March 2016 (“9M2016”).

9M2017 Financial Highlights

In S\$'million unless otherwise stated	3 months ended 31 Mar 2017	3 months ended 31 Mar 2016	Change (%)	9 months ended 31 Mar 2017	9 months ended 31 Mar 2016	Change (%)
Revenue	2.4	1.4	72.3	9.5	8.3	14.0
Gross profit	1.2	0.6	86.5	4.8	4.0	19.7
Profit before tax	(0.4)	(0.9)	(53.5)	0.4	0.2	68.7
Net profit	(0.4)	(0.8)	(47.8)	0.3	0.2	68.8

Commenting on the 9M2017 results, Mr Kelvin Lim (林青宋), Executive Director and Group Chief Executive Officer of IPS Securex said: ***“I am happy to note that both the Security Solutions Business and Maintenance and Leasing Business have been growing steadily for 9M2017. Generally, the second half of our financial year is usually better than the first half, as our customers who are government bodies***

and agencies finalise their defence and security budgets in or around the beginning of their fiscal years which typically fall within the first half of each calendar year. At the same time, we are also working hard to expand in the Asia Pacific and beyond so as to sustain our growth.”

The Group’s 9M2017 revenue increased by approximately 14.0% to S\$9.5 million from S\$8.3 million in 9M2016. For the three months ended 31 March 2017 (“3Q2017”), there was a sharp increase in revenue of 72.3% to S\$2.4 million from S\$1.4 million for the three months ended 31 March 2016 (“3Q2016”). The comparative sharp increase in revenue in 3Q2017 compared to 9M2017 was mainly due to the revenue contribution from the acquisition of Yatai Security & Communications Pte. Ltd. (“Yatai”) and Avac Systems Pte. Ltd. (“AVAC”) which were incorporated into the Group with effect from 1 April 2016 (the “Acquisition”).

For 9M2017, the Security Solutions Business and the Maintenance and Leasing Business recorded revenue gains of approximately S\$0.7 million and S\$0.5 million respectively. The 14.8% increase in revenue for the Group’s Security Solutions Business from S\$4.6 million in 9M2016 to S\$5.2 million in 9M2017 was mainly attributable to the increased demand for integrated security solutions in Singapore and the sale of the Acoustic Hailing Systems to customers in Singapore and the Rest of Southeast Asia¹.

The Group’s Maintenance and Leasing Business’ 13.8% revenue increase from S\$3.7 million in 9M2016 to S\$4.3 million in 9M2017, was largely attributable to the increase in the fees earned from the provision of maintenance support services to customers in Singapore, Indochina² and the Rest of Southeast Asia.

The Group’s gross profit increased by approximately 19.7% from S\$4.0 million in 9M2016 to S\$4.8 million in 9M2017, with gross profit margin maintaining relatively stable at 50.4% in 9M2017 as compared to 48.0% in 9M2016. This was mainly attributable to the incorporation of

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

² Indochina includes Myanmar, Thailand, Laos, Cambodia and Vietnam

the results of the Acquisition and the higher margins derived from the Maintenance and Leasing Business.

Other income increased by 73.8% from S\$0.2 million in 9M2016 to S\$0.3 million in 9M2017 and this was mainly due to foreign exchange gains from the appreciation of US dollar denominated trade receivables against the Singapore dollar and the absence of fees collected by the Group for the provision of IT and maintenance services to a related party, IPS Group Pte Ltd.

Administrative expenses increased by 21.3% from S\$3.7 million in 9M2016 to S\$4.5 million in 9M2017, which was mainly attributable to the employees' remuneration and benefit expenses due to annual salary increments and increase in headcount arising from the Acquisition, the depreciation of plant and equipment in relation to the Group's relocation to its new premises, and office and storage rental.

Other operating expenses decreased by 85.4% from S\$0.2 million in 9M2016 to S\$0.03 million in 9M2017. This was mainly due to the absence in 9M2017 of a foreign exchange loss of S\$0.2 million recognised in 9M2016 due to the strengthening of US dollar in which the Group's purchases are denominated in against the Singapore dollar. This was partially offset by plant and equipment written off of S\$0.02 million recognised in 9M2017.

Finance costs grew from S\$0.03 million in 9M2016 to S\$0.2 million in 9M2017 mainly due to an adjustment of S\$0.1 million made in 3Q2017 pursuant to a repayment plan with a customer in the Rest of Southeast Asia for the repayment of trade receivables over five pre-agreed instalments ("Instalment Plan"), wherein the difference between the carrying value and fair value of the non-interest bearing, long-term portion of the Instalment Plan had been recognized in the Group's profit and loss as finance costs under the relevant accounting standard.

As a result of the above, the Group recorded an overall net profit of S\$0.3 million in 9M2017, a 68.8% increase from S\$0.2 million in 9M2016.

Financial Position

As at 31 March 2017, the Group had net assets of approximately S\$11.9 million, as compared to S\$12.9 million as at 30 June 2016. Cash and cash equivalents as at 31 March 2017 stood at approximately S\$3.7 million compared to approximately S\$3.9 million as at 30 June 2016.

Looking Ahead

Risk levels in the Southeast Asia region have increased due to reports of terrorist attacks and an increase in the number of terrorist arrests in 2016, according to Aon's 2017 Risk Maps for Political Risk, Terrorism and Political Violence Report. The Group believes that the requirement for heightened security in the region will be beneficial to business as there will be long term demand for security products and integrated security solutions. To meet the requirements of different countries, the Group will be working on broadening its range of security products and integrated security solutions.

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 51 Goldhill Plaza, #22-05, Singapore 308900
Contact	:	Ms Candy Soh / Mr Gerald Woon
Office	:	(65) 6704 9288
Email / DID / Mobile	:	candysoh@cogentcomms.com / (65) 6704 9284 / (65) 9816 8391 woon@cogentcomms.com / (65) 6704 9268 / (65) 9694 8364

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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.