



IPS Securex Holdings Limited
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Media Release

IPS Securex's 1H2016 net profit grew to S\$1.0 million

- Company believes that the demand for security products and integrated security solutions will continue to rise and benefit it in the long term
- Revenue increases from both the Security Solutions Business and Maintenance and Leasing Business led to an overall revenue growth of 20.5% to S\$7.0 million in 1H2016
- Gross Profit increased 17.2% to S\$3.4 million in 1H2016

SINGAPORE, 3 February 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, is pleased to announce that it recorded a net profit for the half year ended 31 December 2015 (“1H2016”) of approximately S\$1.0 million, a 10.0% increase from the previous corresponding half year ended 31 December 2014 (“1H2015”).

Commenting on the 1H2016 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said: ***“We have registered improvements in our revenue and net profit for both our business segments in 1H2016. Due to seasonality, we expect to see stronger sales from our Security Solutions Business for the second half of our financial year ending 30 June 2016, as compared to 1H2016. Our customers who are government bodies and agencies, typically finalise their defence and security budgets in or around then. Moving forward, we will continue to work hard to expand our market presence in the Asia Pacific and beyond.”***

1H2016 Financial Highlights

In S\$'million unless otherwise stated	1H2016	1H2015	Change (%)
Revenue	7.0	5.8	20.5
Gross profit	3.4	2.9	17.2
Profit before income tax	1.1	1.0	6.4
Net profit	1.0	0.9	10.0

The Group's 1H2016 revenue increased by approximately 20.5% to S\$7.0 million, with the Security Solutions Business and the Maintenance and Leasing Business recording revenue gains of approximately S\$1.0 million and S\$158, 000 respectively.

The 29.4% boost in revenue for the Group's Security Solutions Business from S\$3.4 million in 1H2015 to S\$4.4 million in 1H2016 was mainly attributable to the increased demand for Acoustic Hailing Systems, one of its best-selling products, by customers in the Rest of Southeast Asia¹ as well as an increase in demand for integrated security solutions by customers in Singapore. This was partially offset by the lesser demand for Acoustic Hailing Systems by customers in Indochina²; a decreased demand for security products by customers in Singapore, and the absence of the supply of Border Security Equipment parts to customers in the Rest of Southeast Asia in 1H2016 as compared to 1H2015.

The Group's Maintenance and Leasing Business' revenue increased by approximately 6.6% from S\$2.4 million in 1H2015 to S\$2.5 million in 1H2016. This increase was largely attributable to ad-hoc maintenance support services fees to customers in Singapore, Indochina and the Rest of Southeast Asia; as well as fees earned during 1H2016 from the lease-and-maintenance contracts entered into with HDB in October 2014, for which the generation of lease income commenced in 1H2016. This was partially offset by the absence of consultancy fees earned in 1H2016 as compared to 1H2015, for the provision of security consultancy for the design of an airport security project.

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

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

The Group's gross profit increased by approximately 17.2% from S\$2.9 million in 1H2015 to S\$3.4 million in 1H2016.

Other operating expenses also remained relatively stable at S\$18,000 in 1H2016. Administrative expenses increased slightly from S\$2.1 million in 1H2015 to S\$2.4 million in 1H2016, which was mainly attributable to the increase in directors' and employees' remuneration and benefit expenses, and also professional fees incurred for the Company's share split exercise and the proposed acquisition of shareholding interests in Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd., as well as office related expenses.

Overall, the Group recorded a net profit of approximately S\$1.0 million in 1H2016, a 10.0% increase from approximately S\$0.9 million in 1H2015.

Financial Position

As at 31 December 2015, the Group had net assets of approximately S\$11.6 million, as compared to S\$11.8 million as at 30 June 2015. Cash and cash equivalents as at 31 December 2015 stood at approximately S\$2.3 million as compared to approximately S\$4.8 million as at 30 June 2015.

Looking Ahead

The Group believes that the demand for security products and integrated security solutions will continue to rise and benefit it in the long term. The recent bombings in Thailand as well as the attack in Paris and the continued threat of the Islamic State of Iraq and Syria ("ISIS") militant group, especially with the recent attacks in central Jakarta, continue to fuel security concerns. As announced on 14 December 2015, the Group received a US\$64.46 million letter of award ("LOA") for the sale of one of its best-selling products - the Hyperspike acoustic hailing devices and their supporting accessories for delivery to a customer in Southeast Asia. This is the largest LOA that the Group has received to date.

Additionally, the Group has gained traction with some of its newer product additions. For example, as announced on 1 December 2015, the Group was appointed as a subcontractor for the deployment and maintenance of Bio-Nexus Ltd's Care-Nexus software system at the Visy Group's Chicago site ("Visy Project") as well as at 15 additional sites of the Visy Group. The project value of the Visy Project for the first of three modules is US\$600,000.

The Group believes that it is well-positioned to benefit from the heightened security tensions and the increase in security demand. It will continue to broaden its range of security products and integrated security solutions while ramping up its marketing efforts in the Asia Pacific.

To boost its security business and expand its Singapore market presence, as announced on 29 October 2015, the Company entered into a memorandum of understanding ("MOU") for the proposed acquisition of shareholding interests in Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd.. The proposed acquisitions are expected to enhance the Group's growth potential as it continues to build up its portfolio and strengthen its geographical footprint within and beyond its current markets.

The Group also plans to roll out the first set of product trials for customer review and approval of the Hyperwhistle, a high decibel traditional form whistle which aims to be the smallest and loudest whistle in the world, before moving to full production. This is part of the joint collaboration with United Tactical Systems, LLC. ("UTS") and Wattre Corporation ("Wattre") as announced on 23 December 2014 for the development, manufacturing, marketing and sale of the Hyperwhistle.

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 (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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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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