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Media Release

IPS Securex's 1Q2019 gross profit up by 4.7% despite lower revenue

SINGAPORE, 7 November 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, today announced its consolidated financial results for the first quarter ended 30 September 2018 (“1Q2019”).

Financial Highlights

In S\$'million unless otherwise stated	Quarter ended 30 September 2018 (“1Q2019”)	Quarter ended 30 September 2017 (“1Q2018”)	Change (%)
Revenue	2.1	2.3	(7.5)
Gross profit	1.0	1.0	4.7
Loss before tax	(0.3)	(0.3)	7.4
Loss for the period	(0.3)	(0.2)	38.6

Commenting on the 1Q2019 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said, ***“We continue to be impacted by delays in procurement and tender decisions by our homeland security customers, who are largely government agencies. Even as we continue our efforts to grow our general security business, it does not naturally have the scale of homeland security projects. We will take advantage of opportunities to expand our product range for future business whilst maintaining our efforts in cost management as we await the tide to turn.”***

The Group's revenue decreased by approximately 7.5% to S\$2.1 million in 1Q2019 from S\$2.3 million in 1Q2018.

Revenue for the Group's Security Solutions Business decreased by approximately 11.8% from S\$785,000 in 1Q2018 to S\$692,000 in 1Q2019. The decrease in 1Q2019 revenue for the Security Solutions Business was mainly due to the decrease in the sales of security products to customers in the Rest of Southeast Asia¹, Indochina², East India³ and Singapore of S\$491,000, partially offset by the increase in demand for integrated security solutions in Singapore of S\$398,000.

The Group's Maintenance and Leasing Business' revenue declined by approximately 5.3% or S\$81,000 from 1Q2018 to S\$1.5 million in 1Q2019 due mainly to the postponement of certain service schedules at the request of the customer.

The Group's gross profit increased by approximately 4.7% from S\$967,000 in 1Q2018 to S\$1.0 million in 1Q2019. Other income for 1Q2019 decreased by approximately 95.1% from S\$100,000 in 1Q2018 to S\$5,000 in 1Q2019. The decrease was mainly attributable to the decrease in government grants of approximately S\$35,000, bad debts recovered of S\$30,000, insurance claim of S\$23,000 and miscellaneous income of S\$7,000.

Administrative expenses remained relatively stable at S\$1.3 million in 1Q2018 and 1Q2019.

Other operating expenses increased by approximately 504.4% from S\$4,000 in 1Q2018 to S\$22,000 in 1Q2019. The increase was mainly attributable to the allowance for doubtful debts of S\$17,000 and bank charges of S\$1,000.

Finance income increased by approximately 303.6% from S\$5,000 in 1Q2018 to S\$20,000 in 1Q2019. This was mainly due to an increase in foreign exchange gain of S\$13,000 arising from trade receivables denominated in United States dollar attributable to the appreciation of the United States dollar against Singapore dollar, and increase in interest earned of S\$2,000.

Finance costs decreased by approximately 79.6% from S\$41,000 in 1Q2018 to S\$8,000 in 1Q2019 mainly due to the absence in 1Q2019 of foreign exchange loss recorded in 1Q2018.

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

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

³ "East Asia" includes China, Hong Kong and South Korea.

As a result of the above, the Group saw an overall net loss of S\$0.3 million in 1Q2019, which was an increase of approximately 38.6% from the overall net loss of S\$0.2 million in 1Q2018.

Financial Position

As at 30 September 2018, the Group's net assets were approximately S\$7.5 million. Cash and cash equivalents as at 30 September 2018 stood at approximately S\$3.7 million compared to approximately S\$3.6 million as at 30 June 2018.

Looking Ahead

Public awareness on safety and security matters continues to be heightened by the existence of terrorism and political unrests in the news. In the first joint statement by ASEAN's Defence Ministers on Preventing and Countering the Threat of Terrorism in the 5th ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) which was recently held in Singapore, terrorism in all its forms and manifestations have been condemned, and ASEAN's Defence Ministers have agreed to strengthen regional counter-terrorism cooperation.⁴ This further shows the importance of security as an agenda item for governments within ASEAN.

While this backdrop will sustain demand for security solutions and be beneficial for the Group in the longer term, the operating and political environment that it operates in currently continues to be challenging. Homeland Security projects are internally reviewed due to political changes in certain governments, which in turn causes delays. This has had some effect on the Group in terms of certain contract purchase orders and new tenders being delayed which explained for the decrease in Group turnover and profitability.

The Group, in the meanwhile, will continue to focus on meeting the security needs of current and future customers through the sourcing of cutting edge security products and solutions which can be integrated to enhance or replace current security systems. The Company will make the appropriate announcements in due course if any of these opportunities were to materialise and are significant.

⁴ https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2018/october/20oct18_nr2

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).

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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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