



Media Release

## IPS Securex's 1H2022 net profit increases to S\$0.6 million

- Significant revenue growth of 485.0% in Security Solutions Business

Singapore, 10 February 2022 – 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 financial results for the half year ended 31 December 2021 (“1H2022”).

### Financial Highlights

In S\$million unless otherwise stated	Half year ended 31 December 2021 (1H2022)	Half year ended 31 December 2020 (1H2021)	Increase/(Decrease) % change
Revenue	8.9	4.0	124.6
Gross profit	3.1	2.0	49.9
Profit/(loss) before tax	0.6	(0.1)	N.M.
Profit/(loss) for the period	0.6	(0.1)	N.M.

Mr Kelvin Lim, (“林青宋”) Executive Director and CEO of IPS Securex commented: “The COVID-19 pandemic may have helped to flatten the curve of terrorism, but the threat of terrorism still remains high. IPS Securex seeks to understand our customers’ evolving security requirements and needs by engaging with them remotely for now while travel restrictions are still in place. At the

*same time, we continue to expand our product range so as to provide them with relevant, leading-edge security products and solutions that are supported by our quality maintenance services”.*

For the half year ended 31 December 2021, the Group’s revenue increased by approximately 124.6% to S\$8.9 million in 1H2022 from S\$4.0 million in the half year ended 31 December 2020 (“1H2021”).

In 1H2022, revenue from the Group’s Security Solutions Business increased by approximately 485.0% to S\$6.8 million from S\$1.2 million in 1H2021. This significant increase was attributed to an increase in revenue from providing integrated security solutions in Singapore of S\$5.8 million. There was also an increase in revenue from the sale of security products to a customer in Rest of Southeast Asia<sup>1</sup> of S\$213,000, which was partially offset by the decrease in revenue from the sale of security products to customers in East Asia<sup>2</sup> of S\$154,000, in Singapore of S\$234,000, in Indochina<sup>3</sup> of S\$54,000 and in Other Countries<sup>4</sup> of S\$9,000.

On the other hand, revenue from the Group’s Maintenance and Leasing Business decreased by approximately 23.4% to S\$2.2 million in 1H2022 compared to S\$2.8 million in 1H2021. This was attributed to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing and Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$18,000. There was also a decrease in revenue from the provision of maintenance support services to a customer in Singapore due to the decommissioning of an existing system of S\$672,000, of which was partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia of S\$32,000.

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

<sup>2</sup> “East Asia” includes China, Hong Kong, South Korea and Japan.

<sup>3</sup> “Indochina” includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

<sup>4</sup> “Other countries” includes Australia, United States of America and India.

For the period under review, the Group's cost of sales increased by approximately 203.5% or S\$3.9 million, mainly due to the net increase in direct material costs incurred and a higher proportion of integrated security solutions undertaken which had a higher cost base relative to revenue. Nevertheless, the Group's gross profit still grew approximately 49.9% to S\$3.1 million in 1H2022 from S\$2.0 million in 1H2021.

The Group's other income fell by approximately 33.5% to S\$329,000 in 1H2022 from S\$495,000 in 1H2021. This was caused by a decrease in government grants and subsidies which was partially offset by the increase in write-back of allowance for doubtful debts and miscellaneous income.

Administrative expenses increased by approximately 8.0% to S\$2.7 million in 1H2022 from S\$2.5 million in 1H2021. This slight increase was attributed to an increase in employees' remuneration and benefit expenses as a result of a higher staff headcount, and an increase in distribution and marketing expenses. Both of which were partially offset by the decrease in depreciation and office related expenses.

Other operating expenses fell by approximately 23.1% to S\$29,000 in 1H-2022 from S\$38,000 in 1H-2021. This was due to a drop in allowance for inventories obsolescence which was offset by an increase bank charges.

Finance income was S\$1,297 in 1H-2021 and S\$1,750 in 1H-2022. The increase in finance income was mainly due to an increase in net foreign exchange gain S\$1,024, arising from the settlement of trade payables denominated in United States dollar attributable to the depreciation of the United States dollar which occurred in 1H-2022 against the Singapore dollar

Finance costs reduced by approximately 53.3% to S65,000 in 1H-2022 from S\$139,000 in 1H-2021. This was attributed to the lower utilisation of credit facilities which led to lower interest expense, and the positive movement in foreign exchange rates which reduced foreign exchange loss.

Tax expense increased by approximately S\$75,000 from a tax credit of S\$19,000 in 1H2021 to a tax expense of S\$56,000 in 1H2022. This increase was due to the profit before tax that the Group recorded in 1H2022 whereas a loss before tax was incurred in 1H2021.

Overall, the Group posted a net profit of S\$0.6 million in 1H2022, compared to a net loss of S\$0.1 million in 1H2021.

### **Financial Position**

As at 31 December 2021, the Group's net assets were approximately S\$9.2 million. Cash and cash equivalents were at approximately S\$7.6 million, which is an increase from approximately S\$6.7 million as at 30 June 2021.

### **Outlook**

Terrorist threats in Southeast and South Asian countries declined in 2021 due to COVID-19 movement restrictions and government-imposed lockdowns helped flatten the curve of terrorism. However, the threat of terrorism is still high, as global terrorist groups have proven to be resilient and adaptable and have stepped up their recruitment and propaganda efforts on social media. Given the continual threat of terrorism, the Group will continue to proactively acquire more homeland security products and solutions so that it can meet the evolving needs of its customers in the Asia Pacific.

In Singapore, while Islamist terrorism remains the key concern, other emergent threats such as far-right extremism can also potentially propel at-risk individuals towards violent radicalism. In order to deliver better security outcomes for Singapore, the government has plans in place to develop a technologically advanced and competitive security industry and this includes digitalisation initiatives supporting the transformation of the security sector. The Group will

continue to support these digitalisation initiatives with its suite of general security products and solutions.

As Singapore finetunes its COVID-19 rules and regulations to deal with the evolving pandemic and new COVID-19 mutations, the Group's work processes and manpower allocation for ongoing projects may be affected if there are major changes, even though there is no significant impact currently. While there were some challenges in manpower recruitment towards the end of 2021, the Group expects the situation to improve in 2022.

Constantly changing travel restrictions and Vaccinated Travel Lane ("VTL") rules between countries will also impact the Group's engagement with its overseas customers and suppliers, and the Group will continue to engage with its customers and suppliers remotely. Whilst there are no significant delays, inflationary cost increases or supply disruptions at present, the Group will continue to monitor the situation in its efforts to mitigate any unforeseen project delays and equipment cost increases caused by supply disruptions due to the COVID-19 pandemic. The Group will also strictly adhere to the government's COVID-19 measures in order to maintain a safe working environment for staff, while minimising any disruption to its business operations. The Group has been a strong vaccination advocate and to date, 100% of its staff are fully vaccinated.

As more countries normalise their social and economic activities with the possibility of COVID-19 becoming endemic, the Group is seeing a resumption of tenders and projects especially in the area of general security infrastructure. The Group will continue to engage with its customers to understand their current situational requirements and evolving needs, so as to provide them with the latest security products and solutions supported by quality maintenance services.

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**Note: 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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Issued on behalf of : **IPS Securex Holdings Limited**

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*This media release has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited ("**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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