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Media Release

IPS Securex's 9M2018 Maintenance & Leasing Business revenue grows 7.5% to S\$4.6 million

SINGAPORE, 8 May 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 third quarter ended 31 March 2018 (“3Q2018”).

Financial Highlights

In S\$'million unless otherwise stated	Third quarter ended 31 March 2018 (“3Q2018”)	Third quarter ended 31 March 2017 (“3Q2017”)	Change (%)	Nine months ended 31 March 2018 (“9M2018”)	Nine months ended 31 March 2017 (“9M2017”)	Change (%)
Revenue	2.3	2.4	(4.4)	7.2	9.5	(24.1)
Gross profit	1.1	1.2	(5.3)	3.4	4.8	(28.0)
Profit/(loss) before tax	(0.2)	(0.4)	(51.7)	0.02	0.4	(95.0)
Profit/(loss) for period	(0.2)	(0.4)	(59.8)	0.08	0.3	(72.2)

Commenting on the 3Q2018 results, Mr Kelvin Lim (林青宋), Executive Director and Group Chief Executive Officer of IPS Securex said, ***“Though the operational and political environment in Asia that we operate in still remains challenging, we are happy that our Maintenance and Leasing Business continues to grow. While we strive to manage our costs over this challenging period, we will also continue to work towards bringing in new Homeland Security products to Asia to expand our range of security products and integrated security solutions to meet our customers’ ever-changing needs.”***

The Group's 3Q2018 revenue decreased by approximately 4.4% to S\$2.3 million in 3Q2018 from S\$2.4 million in 3Q2017, and decreased by approximately 24.1% to S\$7.2 million in 9M2018 from S\$9.5 million in 9M2017.

Revenue for the Group's Security Solutions Business decreased by approximately 15.2% from S\$922,000 in 3Q2017 to S\$782,000 in 3Q2018, and decreased by approximately 50.0% from S\$5.2 million in 9M2017 to S\$2.6 million in 9M2018. The decrease in 9M2018 revenue for the Security Solutions Business was mainly attributable to the absence of the sale of Acoustic Hailing Systems to a customer in the Rest of Southeast Asia¹ of S\$3.4 million which was previously secured in 9M2017, partially offset by an increase in demand for integrated security solutions in Singapore and security solutions products in Indochina² and the Rest of Southeast Asia in aggregate of S\$828,000.

The Group's Maintenance and Leasing Business' revenue increased by approximately 2.5% from S\$1.4 million in 3Q2017 to S\$1.5 million in 3Q2018, and increased by approximately 7.5% from S\$4.2 million in 9M2017 to S\$4.6 million in 9M2018. This was mainly attributable to the increase in the provision of maintenance support services to customers in Singapore.

The Group's gross profit decreased by approximately 5.3% from S\$1.2 million in 3Q2017 to S\$1.1 million in 3Q2018, and decreased by approximately 28.0% from S\$4.8 million in 9M2017 to S\$3.4 million in 9M2018.

Other income decreased by approximately 43.9% from S\$35,000 in 3Q2017 to S\$20,000 in 3Q2018. This was mainly due to a decrease in government grants income of S\$13,000. On a nine-month basis, other income increased by approximately 609.5% from S\$86,000 in 9M2017 to S\$614,000 in 9M2018. The increase was mainly attributable to the recovery of outstanding debts of S\$503,000, which was previously provided for as doubtful debts in June 2017, and an increase in government grants income of S\$10,000.

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

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

Administrative expenses remained stable at S\$1.3 million in both 3Q2017 and 3Q2018, and decreased by approximately 14.9% from S\$4.5 million in 9M2017 to S\$3.9 million in 9M2018. This decrease from 9M2017 to 9M2018 was mainly attributable to the decrease in employees' remuneration and benefit expenses mainly due to lower staff bonuses accrued, lower professional fees, distribution and marketing expenses and office related expenses.

Other operating expenses decreased by approximately 36.4% from S\$12,000 in 3Q2017 to S\$7,000 in 3Q2018, and decreased by approximately 48.8% from S\$28,000 in 9M2017 to S\$14,000 in 9M2018. The decrease from 9M2017 to 9M2018 was mainly attributable to a decrease in write-offs in plant and equipment, write-offs in inventory and bank charges, partially offset by an increase in bad debts written off.

Finance income decreased by approximately 68.9% from S\$6,000 in 3Q2017 to S\$1,900 in 3Q2018, and decreased from S\$240,000 in 9M2017 by approximately 93.5% to S\$16,000 in 9M2018. The decrease from 9M2017 to 9M2018 was mainly due to the absence in 9M2018 of foreign exchange gain recorded in 9M2017.

Finance costs decreased by approximately 80.7% from S\$331,000 in 3Q2017 to S\$64,000 in 3Q2018 mainly due to the reduction of foreign exchange loss and the absence of an adjustment (the "Adjustment") made in 3Q2017 to account for the difference between the carrying value and fair value of trade receivables under an instalment plan with a customer.

Finance costs increased by approximately 3.8% from S\$166,000 in 9M2017 to S\$173,000 in 9M2018 mainly due to a foreign exchange loss attributable to the weakening of the United States dollar in which the Group's sales were denominated against the Singapore dollar partially offset by the absence of the Adjustment made in 9M2017.

As a result of the above, the Group recorded an overall net loss of S\$0.17 million in 3Q2018, an approximate 59.8% decrease from S\$0.43 million in 3Q2017. For 9M2018, the Group saw an overall net profit of S\$0.08 million, which was an approximate decrease of 72.2% from S\$0.29 million in 9M2017.

Financial Position

As at 31 March 2018 and 30 June 2017, the Group's net assets were approximately S\$9.1 million. Cash and cash equivalents as at 31 March 2018 stood at approximately S\$3.4 million compared to approximately S\$4.9 million as at 30 June 2017.

Looking Ahead

In the Asia Pacific region, the persistent threat of terrorism and its ensuing security concerns remain a top priority for countries and greater ASEAN cooperation has also been called for by MINDEF to ensure regional stability and progress amid increasing dangers in Asia. Even as this backdrop will create a long-term demand for security solutions and be beneficial for the Group, the operating and political environment that it operates in currently continues to be challenging. In the Asian market, political changes in certain governments have caused delays as Homeland Security projects are internally reviewed. 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.

While its Security Solutions Business has been affected by the current slowdown across the industry, the Group's Maintenance and Leasing Business continues to grow steadily in terms of recurring income. This focus on growing the Maintenance and Leasing Business has allowed the Group to add ballast to its business and differentiate it from its competitors. Besides cost management efforts during this slower period, the Group has also been engaging in opportunities to bring in new Homeland Security products to Asia to expand 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).

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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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