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Media Release

IPS Securex's FY2020 results rebound with a net profit of S\$2.0 million

- Propelled by strong revenue growth of 409.3% in Security Solutions Business

SINGAPORE, 26 August 2020 – 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 full year ended 30 June 2020 (“FY2020”).

Financial Highlights

In S\$'million unless otherwise stated	Full Year ended 30 June 2020 (“FY2020”)	Full Year ended 30 June 2019 (“FY2019”)	Change (%)
Revenue	19.3	9.0	115.1
Gross profit	7.6	4.5	68.5
Profit/(loss) before tax	2.3	(1.2)	N.M.
Profit/(loss) for the year	2.0	(1.2)	N.M.

NM denotes not meaningful.

Commenting on the FY2020 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said, ***“The COVID-19 pandemic poses unprecedented challenges not just to IPS Securex, but to global markets and industries as well. However, our recent turnover growth demonstrates that security remains critical and essential to our customers despite the occasional project delay. Given today’s complex threat scenario, customer needs are constantly evolving and our role is to understand these needs and to provide relevant, leading-edge security products and solutions that address their individual situations.”***

On a full year basis, the Group's revenue increased by approximately 115.1% to S\$19.3 million in FY2020 from S\$9.0 million in the full year ended 30 June 2019 ("FY2019").

Revenue for the Group's Security Solutions Business increased by approximately 409.3% from S\$2.7 million in FY2019 to S\$13.6 million in FY2020. The increase in FY2020 revenue for the Security Solutions Business was mainly due to the increase in the sale of security products to customers in Singapore, Indochina¹, the Rest of Southeast Asia² and East Asia³. In addition, there was also an increase in revenue from providing integrated security solutions in Singapore and in the Rest of Southeast Asia.

On the other hand, revenue for the Group's Maintenance and Leasing Business decreased by approximately 9.5% from S\$6.3 million in FY2019 to S\$5.7 million in FY2020. This was mainly due to the absence of revenue from the ad-hoc replacement in the second quarter ended 31 December 2018 ("2Q-2019") of a component in a security system for a customer in Singapore, the non-renewal of a maintenance contract with a customer in Indochina, and a delay in the commencement of a maintenance contract by a customer in the Rest of Southeast Asia, of which these were partially offset by a revenue increase from the provision of maintenance support services to customers in Singapore.

Correspondingly, the Group's gross profit increased by approximately 68.5% from S\$4.5 million in FY2019 to S\$7.6 million in FY2020. Other operating income for FY2020 increased by approximately 488.2% from S\$62,000 in FY2019 to S\$363,000 in FY2020.

Administrative expenses remained relatively stable at S\$5.4 million in both FY2020 and FY2019, whereas other operating expenses decreased by approximately 43.3% from S\$337,000 in FY2019 to S\$191,000 in FY2020. The decrease was mainly attributable to the decrease in allowance for doubtful debts to provide for overdue outstanding balances from certain customers in Singapore and miscellaneous expenses, which are partially offset by an increase in allowance for inventory obsolescence, inventory write-offs and bank charges.

¹ "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

² "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

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

Finance income increased by approximately 60.1% from S\$30,000 in FY2019 to S\$47,000 in FY2020. This was mainly due to an increase in net foreign exchange gain arising from the settlement of trade payables denominated in United States dollar (“US dollar”) attributable to the depreciation of the US dollar which occurred in FY2020 against the Singapore dollar, which is partially offset by a decrease in interest earned from the bank.

Finance costs increased by approximately 275.4% from S\$24,000 in FY2019 to S\$91,000 in FY2020, which was mainly due to higher utilisation of trade financing facilities.

As a result of the above, the Group posted an overall net profit of S\$2.0 million in FY2020 from an overall net loss of S\$1.2 million in FY2019.

Financial Position

As at 30 June 2020, the Group’s net assets were approximately S\$8.6 million, with cash and cash equivalents standing at approximately S\$4.1 million compared to approximately S\$3.9 million as at 30 June 2019.

Looking Ahead

The COVID-19 pandemic has disrupted social normalcy all over the world as governments and states sought different solutions and control measures to contain the spread of the virus. Though the pandemic is a top priority for them on the health and medical front, the presence, possibility and risk of conflicts, political unrest and turmoil still prevail. In fact, unrest may be exacerbated by the COVID-19 situation as seen in several western countries with the resistance towards mask wearing. Thus, defence and security remain an important area which governments have to constantly contend with.

During Singapore’s Circuit Breaker (“CB”) period, the Group was able to continue business as per usual. This was due to the Group’s business activities falling within the scope of the Essential Services Exemption as allowable activities under the Defence and Security; Construction, Facilities Management and Critical Public Infrastructure; and Information and Communications sectors, which was announced by the Company on 13 April 2020.

Though the direct impact of the COVID-19 pandemic on its businesses was minimal, the Group had to comply with governmental regulations and safety measures. As Singapore opens during the CB Phase 2 period, the Group will continue to adhere to these measures so that staff can continue to attend to their work commitments safely and ensure that business operations function with little or no business disruption.

The Group, however, has had to deal with the cessation of business travel between countries due to each having their own control measures like the imposition of quarantine on travellers. News of a supposed second wave of COVID-19 has not alleviated the situation.

Nevertheless, as countries slowly move towards regaining some degree of normalcy with regard to their social and economic activities, previous tenders that were on hold, as well as potential future projects within Singapore and the region are also gradually resuming. The Group will continue to engage its customers in discussions to understand their needs, providing them with the latest security products and solutions, and quality services.

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 been prepared by IPS Securex Holdings Limited ("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.

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