
Issuer & Securities**Issuer/ Manager**

IPS SECUREX HOLDINGS LIMITED

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

IPS SECUREX HOLDINGS LIMITED - SG1BJ0000005 - 42N

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Kelvin Lim Ching Song

Designation

Executive Director and Group Chief Executive Officer

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached.

Additional Details**For Financial Period Ended**

30/09/2019

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IPS SECUREX HOLDINGS LIMITED
 (Company Registration No.:201327639H)
 (Incorporated in the Republic of Singapore)

Unaudited First Quarter And Three-Month Financial Statements And Dividend Announcement For The Financial Period Ended 30 September 2019

This announcement has been prepared by IPS Securex Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "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 announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 AND Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Unaudited		
	1Q-2020 ⁽¹⁾	1Q-2019 ⁽²⁾	Increase/ (Decrease) % change
	S\$	S\$	
Revenue	3,152,345	2,143,956	47.0
Cost of sales	(1,613,050)	(1,132,264)	42.5
Gross profit	1,539,295	1,011,692	52.2
Other income	17,787	4,933	260.6
Administrative expenses	(1,345,736)	(1,340,030)	0.4
Other operating expenses	(32,251)	(22,316)	44.5
Finance income	1,157	19,773	(94.1)
Finance costs	(31,517)	(8,313)	279.1
Profit/(Loss) before tax	148,735	(334,261)	NM
Tax credit	-	29,600	NM
Profit/(Loss) for the period, representing total comprehensive income/(loss) for the period	148,735	(304,661)	NM

NM denotes not meaningful.

Notes:

⁽¹⁾ "1Q-2020" refers to the first quarter ended 30 September 2019.

⁽²⁾ "1Q-2019" refers to the first quarter ended 30 September 2018.

The profit/(loss) for the period attributable to shareholders of the Company includes the following (charges)/credits:

	Group Unaudited		
	1Q-2020	1Q-2019	Increase/ (Decrease) % change
	S\$	S\$	
After charging:			
Depreciation of plant and equipment	(221,974)	(264,985)	(16.2)
Inventories written off	(765)	(3)	25,400.0
Rental expense	(55,764)	(55,598)	0.3
Allowance for doubtful debts (net)	(23,063)	(17,460)	32.1
Allowance for inventories obsolescence	(2,948)	-	NM
Interest expense	(31,517)	(8,313)	279.1
Finance costs	(31,517)	(8,313)	279.1
and crediting:			
Miscellaneous income	16,780	1,742	863.3
Government grant and subsidies	1,007	3,191	(68.4)
Other income	17,787	4,933	260.6
Foreign exchange gain (net)	260	12,864	(98.0)
Interest income	897	6,909	(87.0)
Finance income	1,157	19,773	(94.1)

NM denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited As at 30.09.2019 S\$	Audited As at 30.06.2019 S\$	Unaudited As at 30.09.2019 S\$	Audited As at 30.06.2019 S\$
ASSETS				
Current assets				
Cash and cash equivalents	3,492,339	3,869,130	112,321	122,106
Trade and other receivables	2,616,795	2,692,855	2,472,371	2,748,849
Loans to subsidiary corporation	-	-	1,846,112	1,545,000
Inventories	5,868,211	2,201,764	-	-
Contract costs	764,672	289,739	-	-
Contract assets	214,273	219,775	-	-
Total current assets	12,956,290	9,273,263	4,430,804	4,415,955
Non-current assets				
Investment in subsidiary corporations	-	-	4,844,199	4,844,199
Plant and equipment	1,968,013	2,184,685	-	-
Other investments	7,605	7,605	-	-
	1,975,618	2,192,290	4,844,199	4,844,199
Total assets	14,931,908	11,465,553	9,275,003	9,260,154
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	5,937,219	2,448,366	330,118	255,252
Contract liabilities	2,226,789	2,393,484	-	-
Finance lease liabilities	18,151	18,151	-	-
Total current liabilities	8,182,159	4,860,001	330,118	255,252
Non-current liabilities				
Finance lease liabilities	48,120	52,658	-	-
Deferred tax liabilities	5,874	5,874	-	-
	53,994	58,532	-	-
Capital and reserves				
Share capital	9,405,906	9,405,906	9,405,906	9,405,906
Treasury shares	(89,353)	(89,353)	(89,353)	(89,353)
Capital reserves	(589,999)	(589,999)	210,000	210,000
Accumulated losses	(2,030,799)	(2,179,534)	(581,668)	(521,651)
	6,695,755	6,547,020	8,944,885	9,004,902
Total liabilities and equity	14,931,908	11,465,553	9,275,003	9,260,154

1(b)(ii) In relation to the aggregate amount of the group’s borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Group	As at 30.09.2019		As at 30.06.2019	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	18,151	-	18,151	-
Amount repayable after one year	48,120	-	52,658	-
	<u>66,271</u>	<u>-</u>	<u>70,809</u>	<u>-</u>

Details of the collaterals:

The Group’s finance lease is secured by the plant and equipment purchased under the lease.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q-2020	1Q-2019
	S\$	S\$
Operating activities		
Profit/(loss) before tax	148,735	(334,261)
Adjustments for:		
Interest income	(897)	(6,909)
Interest expense	31,517	8,313
Depreciation of plant and equipment	221,974	264,985
Inventories written off	765	3
Allowance for inventories obsolescence	2,948	-
Allowance for doubtful debts (net)	23,063	17,460
Net foreign exchange gain	(3,852)	(4,099)
Operating cash flows before working capital changes	424,253	(54,508)
Trade and other receivables	53,043	598,929
Inventories	(3,670,160)	148,769
Contract costs	(474,933)	7,060
Contract assets	5,502	(3,309)
Trade and other payables	3,456,674	(460,919)
Contract liabilities	(166,695)	66,334
Cash (used in)/generated from operations	(372,316)	302,356
Interest received	687	5,766
Net cash (used in)/from operating activities	(371,629)	308,122
Investing activities		
Purchase of plant and equipment	(5,302)	(15,285)
Net cash used in investing activities	(5,302)	(15,285)
Financing activities		
Interest paid	(4,060)	(8,178)
Repayments of bank borrowings	-	(121,815)
Repayments of finance lease liabilities	(4,538)	(4,538)
Restricted cash released	740,831	-
Net cash from/(used in) financing activities	732,233	(134,531)
Net increase in cash and cash equivalents	355,302	158,306
Effect of exchange rate changes on the balance of cash held in foreign currencies	8,738	4,088
Cash and cash equivalents at beginning of the period	2,370,299	3,537,279
Cash and cash equivalents at end of the period	2,734,339	3,699,673
Cash and cash equivalents in the Group's cash flow statements comprise the following:		
Cash at bank and on hand	2,734,339	3,699,673
Restricted cash and fixed deposit pledged	758,000	45,587
Cash and cash equivalents in the statement of financial position at end of the period	3,492,339	3,745,260

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

S\$	Share capital	Treasury shares	Capital reserves	Accumulated profit/(losses)	Total
Group					
Balance at 1 July 2019	9,405,906	(89,353)	(589,999)	(2,179,534)	6,547,020
Total comprehensive income for the period					
Profit for the period, representing total comprehensive income for the period	-	-	-	148,735	148,735
Balance at 30 September 2019	9,405,906	(89,353)	(589,999)	(2,030,799)	6,695,755
Balance at 1 July 2018	9,405,906	(89,353)	(589,999)	(967,970)	7,758,584
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(304,661)	(304,661)
Balance at 30 September 2018	9,405,906	(89,353)	(589,999)	(1,272,631)	7,453,923
Company					
Balance at 1 July 2019	9,405,906	(89,353)	210,000	(521,651)	9,004,902
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(60,017)	(60,017)
Balance at 30 September 2019	9,405,906	(89,353)	210,000	(581,668)	8,944,885
Balance at 1 July 2018	9,405,906	(89,353)	210,000	(344,328)	9,182,225
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(43,914)	(43,914)
Balance at 30 September 2018	9,405,906	(89,353)	210,000	(388,242)	9,138,311

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no outstanding convertibles and subsidiary holdings held by the Company as at 30 September 2019 and 30 September 2018. The number of shares held as treasury shares as at 30 September 2019 and 30 September 2018 is 1,155,900 treasury shares. The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 30 September 2019 and 30 September 2018 is 0.24%.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at	
	30.09.2019	30.06.2019
Total number of issued shares excluding treasury shares and subsidiary holdings	484,844,100	484,844,100

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for 1Q-2020 as that of the audited financial statements for the year ended 30 June 2019, except for the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2019:

- SFRS(I) 16 Leases
 - SFRS(I) INT 23 Uncertainty over Income Tax Treatments
 - Amendments to SFRS(I) 3 and SFRS(I) 11 Previously Held Interest in a Joint Operation
 - Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
 - Amendments to SFRS(I) 1-12 Income Tax Consequences of Payments on Financial Instruments Classified as Equity
 - Amendments to SFRS(I) 1-19 Plan Amendment, Curtailment or Settlement
 - Amendments to SFRS(I) 1-23 Borrowing Costs Eligible for Capitalisation
 - Amendments to SFRS(I) 1-28 Long-Term Interests in Associates and Joint Ventures
- The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

Application of SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group has adopted SFRS(I) 16 initially on 1 July 2019, using the modified retrospective approach, with no restatement of comparative information.

The Group as lessee

The Group has entered into the lease agreement for rental of office, other equipment and foreign workers accommodation.

The lease rental of office and all other lease agreement were signed for a period of 12 months with no renewal options. Applying the exemption for short-term leases, there are no right-of-use assets and lease liabilities being accounted. The lease rental expense will be charged out to the statement of profit or loss as incurred.

The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases, and to account for this type of lease using the existing operating lease accounting model.

Based on the information currently available, no significant impact on the financial statements is expected for the Group's activity as a lessor.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to Item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group Unaudited	
	1Q-2020	1Q-2019
Earnings per ordinary share ("EPS")		
Profit/(Loss) attributable to owners of the Company (S\$)	148,735	(304,661)
Weighted average number of ordinary shares	484,844,100	484,844,100
EPS - Basic and diluted (cents) ⁽¹⁾	0.03	(0.06)

Notes:

⁽¹⁾ The basic and diluted earnings per share were the same as there were no dilutive instruments as at 30 September 2018 and 30 September 2019.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	Unaudited As at 30.09.2019	Audited As at 30.06.2019	Unaudited As at 30.09.2019	Audited As at 30.06.2019
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	1.4	1.4	1.8	1.9

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's performance

The Group has two major business segments, namely (i) Security Solutions Business; and (ii) Maintenance and Leasing Business.

Revenue

The Group's revenue increased by approximately S\$1.0 million or 47.0% from S\$2.1 million in 1Q-2019 to S\$3.1 million in 1Q-2020.

Revenue from the Security Solutions Business increased by approximately S\$1.0 million or 145.7% from S\$692,000 in 1Q-2019 to S\$1.7 million in 1Q-2020. This was mainly attributable to (i) an increase in revenue from the sale of security products to customers in Singapore of S\$214,000, in Rest of Southeast Asia⁽¹⁾ of S\$152,000 and in East Asia⁽²⁾ of S\$78,000; (ii) an increase in revenue for integrated security solutions in Singapore of S\$750,000; (iii) which was partially offset by a decrease in revenue from the sale of security products to customers in Indochina⁽³⁾ of S\$185,000.

Revenue from the Maintenance and Leasing Business remained relatively stable at S\$1.4 million in both 1Q-2019 and 1Q-2020.

Cost of sales

Cost of sales increased by approximately S\$481,000 or 42.5% from S\$1.1 million in 1Q-2019 to S\$1.6 million in 1Q-2020. This was mainly due to the net increase in direct material costs incurred which was in line with the increase in revenue.

Gross profit

Gross profit increased by approximately S\$528,000 or 52.2% from S\$1.0 million in 1Q-2019 to S\$1.5 million in 1Q-2020 due to the factors discussed above.

Other income

Other income increased by approximately S\$13,000 or 260.6% from S\$5,000 in 1Q-2019 to S\$18,000 in 1Q-2020. The increase was due to an amount of S\$6,000 sponsorship received from a business partner for a marketing and seminar event and increase in miscellaneous income of S\$9,000. This was partially offset by a decrease in government grants and subsidies of S\$2,000.

Administrative expenses

Administrative expenses remained relatively stable at S\$1.3 million in both 1Q-2019 and 1Q-2020.

Other operating expenses

Other operating expenses increased by approximately S\$10,000 or 44.5% from S\$22,000 in 1Q-2019 to S\$32,000 in 1Q-2020. This was mainly due to an increase in allowance for doubtful debts of S\$6,000; an increase in allowance for inventories obsolescence of S\$3,000, inventories written off of S\$1,000 and bank charges of S\$1,000, and partially offset by a decrease in miscellaneous expenses of S\$1,000.

Notes:

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

(2) "East Asia" includes China, Hong Kong and South Korea.

(3) "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

Finance income

Finance income decreased by approximately S\$19,000 or 94.1% from S\$20,000 in 1Q-2019 to S\$1,000 in 1Q-2020. This was mainly due to a decrease in interest earned from bank of S\$5,000; and a decrease 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 the Singapore dollar.

Finance costs

Finance costs increased by approximately S\$23,000 or 279.1% from S\$8,000 in 1Q-2019 to S\$31,000 in 1Q-2020. This was mainly due to higher utilisation of trade financing facilities of S\$26,000 and partially offset by lower interest expenses of S\$3,000 in 1Q-2020 following the full repayment of the term loan in April 2019 by the Group to fund the acquisition of Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte Ltd.

Tax credit

There were no tax credit being recognised in 1Q-2020 as the Group had recorded a profit before tax in 1Q-2020 and has adequate unutilised tax losses carried forward which is to be utilised.

Review of the Group's financial position

Current assets

Current assets increased by approximately S\$3.7 million from S\$9.3 million as at 30 June 2019 to S\$13.0 million as at 30 September 2019. The increase in current assets was mainly due to:-

- a) an increase in contract costs of S\$475,000 mainly attributable to an increase in cost incurred to fulfil the Group's obligations under a contracts where it had yet to transfer the goods and services to its customers.;
- b) an increase in inventories of S\$3.7 million arising from an increase in the purchase of parts and components;

and partially offset by

- c) a decrease in contract assets of S\$6,000 mainly attributable to an increase in billing upon projects' completion;
- d) a net decrease in trade and other receivables of S\$76,000 mainly due to receipt of payment from customers of S\$28,000; a decrease in prepayment for maintenance support service of S\$29,000; a decrease in deposits placed with suppliers for purchases of security products of S\$252,000; recognition of allowance for doubtful debts of S\$23,000; and partially offset by a prepayment of sponsor fees and an increase in insurance of S\$47,000, GST receivables of S\$180,000 and general expenses of S\$29,000; and
- e) a decrease in cash and cash equivalents of S\$377,000.

Non-current assets

Non-current assets decreased by approximately S\$217,000 from S\$2.2 million as at 30 June 2019 to S\$2.0 million as at 30 September 2019. The decrease in non-current assets was due mainly to the net decrease in plant and equipment of S\$217,000 primarily attributable to depreciation charges.

Current liabilities

Current liabilities increased by approximately S\$3.3 million from S\$4.9 million as at 30 June 2019 to S\$8.2 million as at 30 September 2019. The increase in current liabilities was mainly due to:-

- a) an increase in trade and other payables of S\$3.5 million mainly attributable to an increase in trade financing facilities of S\$3.4 million; increase in accruals of operating expenses of S\$276,000; and partially offset by a decrease in amount owing to suppliers of S\$198,000;

and partially offset by

- b) decrease in contract liabilities of S\$167,000 due to the completion of services for which consideration had been received in advance previously.

Non-current liabilities

Non-current liabilities decreased by approximately S\$5,000 from S\$59,000 as at 30 June 2019 to S\$54,000 as at 30 September 2019. This was due to the repayment of finance lease.

Capital and reserves

Capital and reserves increased by approximately S\$149,000 from S\$6.5 million as at 30 June 2019 to S\$6.7 million as at 30 September 2019. This was mainly due to the net profit recognised in 1Q-2020 of S\$149,000.

Review of the Group's cashflows

Net cash from operating activities

In 1Q-2020, the net cash used in operating activities was approximately S\$372,000, which consisted of operating cashflow before working capital changes of S\$424,000, net working capital outflow of S\$797,000 and interest received of S\$1,000.

The net working capital outflow arose mainly from the following:-

- a) an increase in inventories of S\$3.7 million due to an increase in the purchase of parts and components;
 - f) an increase in contract costs of S\$475,000 mainly attributable to an increase in cost incurred to fulfil the Group's obligations under a contracts where it had yet to transfer the goods and services to its customers;
 - b) decrease in contract liabilities of S\$167,000 due to the completion of services for which consideration had been received in advance previously;
- and partially offset by
- c) a decrease in contract assets of S\$6,000 mainly attributable to an increase in billing upon projects completion;
 - d) a net decrease in trade and other receivables of S\$53,000 mainly due to receipt of payment from customers of S\$28,000; a decrease in prepayment for maintenance support service of S\$29,000; decrease in deposits placed with suppliers for purchases of security products of S\$252,000; and partially offset by a prepayment of sponsor fees and insurance of S\$47,000, GST receivables of S\$180,000 and general expenses of S\$29,000; and
 - e) an increase in trade and other payables of S\$3.5 million mainly attributable to an increase in trade financing facilities of S\$3.4 million; increase in accruals of operating expenses of S\$276,000; and partially offset by a decrease in amount owing to suppliers of S\$198,000.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$5,000 in 1Q-2020 arising from the purchase of plant and equipment.

Net cash from financing activities

Net cash from financing activities amounted to approximately S\$732,000 in 1Q-2020 which was mainly due to restricted cash release of S\$741,000 that was previously maintained with a bank as collateral for a performance guarantee in relation to financing facilities obtained for the provision of integrated security solutions for a government agency in Southeast Asia as announced by the Company on 15 January 2019. This was partially offset by a repayment of finance lease liabilities of S\$5,000 and interest paid of S\$4,000.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Terrorism remains a dynamic risk and a serious threat globally. During the 74th session of United Nations General Assembly at the UN headquarters, UN secretary-general Antonio Guterres warned that the world is facing "an unprecedented threat from intolerance, violent extremism and terrorism" that affects every country, exacerbating conflicts and destabilising entire regions¹. At the same time, social unrest and political instability could rapidly bring about violence as seen from the recent developments in Hong Kong this year.

The threat of terrorism could also create persistent political and economic challenges for the countries where the Group's customers are based in. In order to ensure that its products and solutions are competitive, the Group will continue to engage customers in discussions so as to understand their evolving needs in order to provide them with the most suitable solutions. This has resulted in the recent award of purchase orders to the Group's subsidiary, Securex GS Pte. Ltd., as announced on 10 Oct 2019. The Group is hopeful that this momentum will continue. In addition, previous tenders which have been delayed are showing indications of being re-started.

The Group will continue to participate in various tender processes and projects in Singapore and the region, while at the same time source for new, integrated security products and solutions to meet the dynamic needs and challenges of its current and future customers.

11. Dividend

(a) Whether any interim (final) ordinary dividend has been declared (recommended)

No.

(b) Any dividend declared (recommended) for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

¹ <https://www.straitstimes.com/world/united-states/un-chief-world-faces-unprecedented-threat-from-terrorism>

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend.

No dividend has been declared or recommended for 1Q-2020 in light of the Group's accumulated losses of S\$2.0 million as at 30 September 2019.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions ("IPT") pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). However, pursuant to Rule 905 of the Catalist Rules, the following is disclosed.

	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules)	
<u>Provision of group services (such as human resources, administration support and rental expense) by:-</u>	1Q-2020 S\$	1Q-2019 S\$
IPS Realty Pte. Ltd.	(54,000)	(54,000)
IPS Group Pte. Ltd.	(19,311)	(18,615)

14. Confirmation by the Issuer pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors ("Directors") and executive officers as required under Rule 720(1) of the Catalist Rules.

15. Negative confirmation by the Board pursuant to Rule 705(5)

The board of Directors (the "Board") hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board, which may render the unaudited financial statements of the Group for 1Q-2020 to be false or misleading in any material aspect.

By Order of the Board

Kelvin Lim Ching Song
Executive Director and Group Chief Executive Officer
7 November 2019



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Media Release

IPS Securex posts positive earnings in 1Q2020

- The Group's revenue for 1Q2020 rose 47.0% to S\$3.1 million
- Revenue from the Security Solutions Business increased by 145.7% to S\$1.7 million while revenue from the Maintenance and Leasing Business remained stable at S\$1.4 million
- The Group's net profit rose to S\$0.1 million in 1Q2020 from net loss of S\$0.3 million in 1Q2019

SINGAPORE, 7 November 2019 – 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 its consolidated financial results for the first quarter ended 30 September 2019 (“1Q2020”).

1Q2020 Financial Highlights

In S\$'million unless otherwise stated	First quarter ended 30 Sep 2019	First quarter ended 30 Sep 2018	Change (%)
Revenue	3.1	2.1	47.0
Gross profit	1.5	1.0	52.2
Profit/(Loss) before tax	0.1	(0.3)	NM
Net Profit/Loss	0.1	(0.3)	NM

Note: NM denotes not meaningful.

Commenting on the 1Q2020 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said, ***“We are happy to see growth in our Group’s revenue for the quarter and a return to the black. Our revenue from the Security Solutions Business grew 145.7% this quarter, backed by a stable revenue stream from our Maintenance and Leasing Business. We will continue to work on securing more tenders with our current and potential customers in the region.”***

The Group’s 1Q2020 revenue increased by approximately 47.0% to S\$3.1 million from S\$2.1 million in the first quarter ended 30 September 2018 (“1Q2019”).

The revenue for the Group’s Security Solutions Business grew approximately 145.7% from S\$692,000 in 1Q2019 to S\$1.7 million in 1Q2020. The revenue increase was mainly attributable to the increase in revenue from the sale of security products to customers in Singapore, the Rest of Southeast Asia¹ and East Asia² region, and an increase in revenue from integrated security solutions in Singapore in 1Q2020. This was partially offset by a decrease in revenue from the sale of security products to customers in the Indochina³ region.

The Group’s Maintenance and Leasing Business’ revenue remained relatively stable at S\$1.4 million for both 1Q2020 and 1Q2019. Overall gross profit increased by approximately 52.2% from S\$1.0 million in 1Q2019 to S\$1.5 million in 1Q2020.

Other income increased by approximately 260.6% from S\$5,000 in 1Q2019 to S\$18,000 in 1Q2020, and this was due to a sponsorship received from a business partner for a marketing and seminar event and increase in miscellaneous income, which was partially offset by a decrease in government grants and subsidies. Administrative expenses remained relatively stable at S\$1.3 million in both 1Q2020 and 1Q2019.

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

² East Asia includes China, Hong Kong and South Korea.

³ Indochina includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

Other operating expenses increased by approximately 44.5% from S\$22,000 in 1Q2019 to S\$32,000 in 1Q2020. This was mainly due to an increase in allowance for doubtful debts, an increase of allowance for inventory obsolescence, inventories written off and bank charges. This was partially offset by a decrease in miscellaneous expenses.

Finance income decreased by approximately 94.1% from S\$20,000 in 1Q2019 to S\$1,000 in 1Q2020 mainly due to a decrease in interest earned from bank and a decrease in foreign exchange gain arising from trade receivables denominated in United States dollar attributable to the appreciation of the United States dollar against the Singapore dollar.

Finance costs increased by approximately 279.1% from S\$8,000 in 1Q2019 to S\$31,000 in 1Q2020 mainly due to higher utilisation of trade financing facilities which was partially offset by lower interest expenses in 1Q2020 following the repayment of the term loan in April 2019 by the Group to fund the acquisition of Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte Ltd.

As a result of the above, the Group recorded an overall net profit of S\$0.1 million in 1Q2020 from a net loss of S\$0.3 million in 1Q2019.

Financial Position

As at 30 September 2019, the Group had net assets of approximately S\$6.7 million, as compared to S\$6.5 million as at 30 June 2019. Cash and cash equivalents as at 30 September 2019 stood at approximately S\$3.5 million, as compared to approximately S\$3.9 million as at 30 June 2019.

Outlook

Terrorism remains a dynamic risk and a serious threat globally. During the 74th session of United Nations General Assembly at the UN headquarters, UN secretary-general Antonio Guterres warned that the world is facing "an unprecedented threat from intolerance, violent extremism and terrorism" that affects every country, exacerbating conflicts and destabilising entire regions.⁴

⁴ <https://www.straitstimes.com/world/united-states/un-chief-world-faces-unprecedented-threat-from-terrorism>

At the same time, social unrest and political instability could rapidly bring about violence as seen from the recent developments in Hong Kong this year.

The threat of terrorism could also create persistent political and economic challenges for the countries where the Group's customers are based in. In order to ensure that its products and solutions are competitive, the Group will continue to engage customers in discussions so as to understand their evolving needs in order to provide them with the most suitable solutions. This has resulted in the recent award of purchase orders to the Group's subsidiary, Securex GS Pte. Ltd., as announced on 10 Oct 2019. The Group is hopeful that this momentum will continue. In addition, previous tenders which have been delayed are showing indications of being re-started.

The Group will continue to participate in various tender processes and projects in Singapore and the region, while at the same time source for new, integrated security products and solutions to meet the dynamic needs and challenges of its current and future customers.

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, the Group has been providing a diverse base of customers with security products and integrated security solutions which are deployed to address various security requirements, including checkpoint security, law enforcement and the protection and surveillance of buildings and critical infrastructure. The Group is a one-stop security solutions provider that designs, installs, tests and commissions, maintains and leases integrated security solutions, the Group has built an accomplished and thriving reputation in the security products and solutions industry. 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 – Merit Award for Best Investor Relations (First-Year Listed Companies) in 2015.

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

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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