

## Financial Statements and Related Announcement::Full Yearly Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	IPS SECUREX HOLDINGS LIMITED
<b>Securities</b>	IPS SECUREX HOLDINGS LIMITED - SG1AG1000002 - 41E
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	20-Aug-2015 20:53:32
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<b>Announcement Sub Title</b>	Full Yearly Results
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<b>Submitted By (Co./ Ind. Name)</b>	Kelvin Lim Ching Song
<b>Designation</b>	Executive Director and Chief Executive Officer
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attachments.

## Additional Details

<b>For Financial Period Ended</b>	30/06/2015
<b>Attachments</b>	<a href="#">IPS - Results Announcement FY2015.pdf</a> <a href="#">IPS - FY2015 Media Release.pdf</a> Total size =790K

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

## Full Year Financial Statements And Dividend Announcement For The Financial Year Ended 30 June (“FY”) 2015

*IPS Securex Holdings Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 30 June 2014. The initial public offering (“IPO”) of the Company was sponsored by United Overseas Bank Limited (the “Sponsor”).*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and 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 ANNOUNCEMENT OF FULL YEAR RESULTS

The Company was incorporated in the Republic of Singapore on 10 October 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The group comprising the Company and its subsidiaries (the “Group”) was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken to streamline and rationalise the Group’s structure prior to the Company’s listing on Catalist. Please refer to the Company’s offer document dated 20 June 2014 (the “Offer Document”) for further details on the Restructuring Exercise.

#### 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 FY2015 S\$	Audited FY2014 S\$	Increase/ (Decrease) % change
<b>Revenue</b>	15,664,280	12,445,668	25.9
Cost of sales	(9,203,439)	(6,441,117)	42.9
<b>Gross profit</b>	6,460,841	6,004,551	7.6
Other operating income	551,151	298,836	84.4
Administrative expenses	(4,395,909)	(4,694,637)	(6.4)
Other operating expenses	(22,127)	(28,090)	(21.2)
Finance costs	(36,585)	(632)	5,688.8
<b>Profit before income tax</b>	2,557,371	1,580,028	61.9
Income tax expense	(303,280)	(465,883)	(34.9)
<b>Profit for the year, representing total comprehensive income for the year</b>	2,254,091	1,114,145	102.3

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

	Group		
	Unaudited	Audited	Increase/(Decrease) % change
	FY2015 S\$	FY2014 S\$	
<b>After charging:</b>			
Depreciation of plant and equipment	(613,111)	(233,129)	163.0
Foreign exchange loss	-	(14,295)	NM
Loss on disposal of plant and equipment	-	(947)	NM
Inventories written off	(126)	(210)	(40.0)
Allowance for inventories obsolescence	-	(6,341)	NM
Finance costs	(36,585)	(632)	5,688.8
Underprovision of deferred tax liability in respect of prior year	-	(71,787)	NM
Share based payment	-	(210,000)	NM
IPO expenses charged, net	-	(1,101,889)	NM
<b>and crediting:</b>			
Reversal of allowance for inventories obsolescence	98,887	7,398	1,236.7
Foreign exchange gain	268,970	-	NM
Overprovision of income tax expenses in respect of prior year	51,429	24,461	110.2
Forfeiture of customer's sales deposit	-	185,000	NM
Interest Income	35,823	512	6,896.7
Government grants and subsidies	67,929	33,419	103.3

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 30.06.2015 S\$	Audited As at 30.06.2014 S\$	Unaudited As at 30.06.2015 S\$	Audited As at 30.06.2014 S\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,768,941	4,531,440	2,479,364	3,580,791
Trade receivables	8,054,844	5,330,591	-	-
Other receivables	516,276	795,059	2,187,541	811,044
Loan to subsidiary corporation	-	-	4,149,654	-
Inventories	675,721	495,480	-	-
<b>Total current assets</b>	<b>14,015,782</b>	<b>11,152,570</b>	<b>8,816,559</b>	<b>4,391,835</b>
<b>Non-current assets</b>				
Investment in subsidiary corporations	-	-	3,000,199	3,000,199
Plant and equipment	4,803,771	1,734,055	-	-
Long term trade receivables	1,340,342	1,214,932	-	-
	<b>6,144,113</b>	<b>2,948,987</b>	<b>3,000,199</b>	<b>3,000,199</b>
<b>Total assets</b>	<b>20,159,895</b>	<b>14,101,557</b>	<b>11,816,758</b>	<b>7,392,034</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	5,409,799	3,440,797	-	-
Other payables	1,238,660	1,946,364	506,017	667,838
Finance lease	211,027	-	-	-
Borrowings	800,000	-	-	-
Income tax payable	92,509	363,814	-	-
<b>Total current liabilities</b>	<b>7,751,995</b>	<b>5,750,975</b>	<b>506,017</b>	<b>667,838</b>
<b>Non-current liabilities</b>				
Finance lease	289,716	-	-	-
Deferred tax liabilities	314,526	103,756	-	-
	<b>604,242</b>	<b>103,756</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	9,405,906	6,888,165	9,405,906	6,888,165
Capital reserves	(589,999)	(589,999)	210,000	210,000
Accumulated profit / (losses)	2,987,751	1,948,660	1,694,835	(373,969)
	<b>11,803,658</b>	<b>8,246,826</b>	<b>11,310,741</b>	<b>6,724,196</b>
<b>Total liabilities</b>	<b>8,356,237</b>	<b>5,854,731</b>	<b>506,017</b>	<b>667,838</b>
<b>Total liabilities and equity</b>	<b>20,159,895</b>	<b>14,101,557</b>	<b>11,816,758</b>	<b>7,392,034</b>

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 30.06.2015		As at 30.06.2014	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	1,011,027	-	-	-
Amount repayable after one year	289,716	-	-	-
	<u>1,300,743</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of the collaterals:

The Group's credit facilities are secured by corporate guarantees provided by IPS Securex Holdings Limited. The Group's finance leases are secured by the respective plant and equipment under the leases.

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

	<b>Group</b>	
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>FY2015</u></b>	<b><u>FY2014</u></b>
	<b>S\$</b>	<b>S\$</b>
<b>Operating activities</b>		
Profit before income tax	2,557,371	1,580,028
Adjustments for:		
Interest income	(35,823)	(512)
Finance costs	36,585	632
Depreciation of plant and equipment	613,111	233,129
Loss on disposal of plant and equipment	-	947
Inventories written off	126	210
Reversal of allowance for inventories obsolescence	(98,887)	(7,398)
Allowance for inventories obsolescence	-	6,341
Net foreign exchange (gain)/loss	(170,714)	13,754
Share based payment	-	210,000
Operating cash flows before working capital changes	<u>2,901,769</u>	<u>2,037,131</u>
Trade receivables	(2,724,253)	(5,657,960)
Other receivables	280,083	(275,386)
Inventories	(81,480)	(64,697)
Trade payables	1,969,002	3,164,620
Other payables	(709,333)	755,138
Cash generated from/(used in) operations	<u>1,635,788</u>	<u>(41,154)</u>
Income tax paid	(363,815)	-
Interest received	4,823	512
Net cash from/(used in) operating activities	<u><b>1,276,796</b></u>	<u><b>(40,642)</b></u>
<b>Investing activities</b>		
Purchase of plant and equipment <sup>(1)</sup> , representing net cash used in investing activities	<u><b>(3,044,276)</b></u>	<u><b>(767,409)</b></u>
<b>Financing activities</b>		
Restricted cash	-	10,509
Proceeds from incorporation of company	-	1
Proceeds from issuance of shares, net of issuance costs	2,517,741	3,888,165
Dividends paid	(1,215,000)	-
Interest paid	(34,956)	-
Proceeds from bank borrowings	950,000	-
Repayments of bank borrowings	(150,000)	-
Repayments of finance lease	(137,808)	-
Net cash from financing activities	<u><b>1,929,977</b></u>	<u><b>3,898,675</b></u>
Net increase in cash and cash equivalents	<b>162,497</b>	<b>3,090,624</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies	75,004	(13,754)
Cash and cash equivalents at beginning of the year	<u>4,531,440</u>	<u>1,454,570</u>
<b>Cash and cash equivalents at end of the year</b>	<u><b>4,768,941</b></u>	<u><b>4,531,440</b></u>

<sup>(1)</sup> In FY2015, the Group acquired plant and equipment with an aggregate cost of \$3,682,827 (2014: \$767,409) of which \$638,551 (2014: nil) was acquired by way of finance leases. Cash payments of \$3,044,276 (2014: \$767,409) were made to purchase equipment relating to the Group's Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Offer Document).

- 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\$					
Group	Share capital	Merger reserve	Other reserve	Accumulated (losses)/profit	Total
Balance at 1 July 2013	2,200,000	-	-	834,515	3,034,515
Issuance of shares at date of Company's incorporation	1	-	-	-	1
Adjustment pursuant to the Restructuring Exercise	(2,200,000)	(799,999)	-	-	(2,999,999)
Issuance of ordinary shares pursuant to the Restructuring Exercise	2,999,999	-	-	-	2,999,999
Issuance of ordinary shares pursuant to the IPO, net	3,888,165	-	-	-	3,888,165
Deemed capital contribution	-	-	210,000	-	210,000
Profit for the year, representing total comprehensive income for the year	-	-	-	1,114,145	1,114,145
Balance at 30 June 2014	6,888,165	(799,999)	210,000	1,948,660	8,246,826
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised	2,517,741	-	-	-	2,517,741
Dividends, representing total transactions with owners, recognised directly in equity	-	-	-	(1,215,000)	(1,215,000)
Profit for the year, representing total comprehensive income for the year	-	-	-	2,254,091	2,254,091
Balance at 30 June 2015	9,405,906	(799,999)	210,000	2,987,751	11,803,658
<b>Company <sup>(1)</sup></b>					
Issuance of shares at date of Company's incorporation	1	-	-	-	1
Issuance of ordinary shares pursuant to the Restructuring Exercise	2,999,999	-	-	-	2,999,999
Issuance of ordinary shares pursuant to the IPO, net	3,888,165	-	-	-	3,888,165
Deemed capital contribution	-	-	210,000	-	210,000
Profit for the year, representing total comprehensive income for the year	-	-	-	(373,969)	(373,969)
Balance at 30 June 2014	6,888,165	-	210,000	(373,969)	6,724,196
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised	2,517,741	-	-	-	2,517,741
Dividends, representing total transactions with owners, recognised directly in equity	-	-	-	(1,215,000)	(1,215,000)
Profit for the year, representing total comprehensive income for the year	-	-	-	3,283,804	3,283,804
Balance at 30 June 2015	9,405,906	-	210,000	1,694,835	11,310,741

<sup>(1)</sup> The Company was incorporated on 10 October 2013.

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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of shares	Issued and paid-up share capital S\$
As at 1 July 2014	75,000,000	6,888,165
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised <sup>(1)</sup>	6,000,000	2,517,741
As at 31 December 2014	81,000,000	9,405,906
Additional shares arising from Share Split <sup>(2)</sup>	81,000,000	-
<b>Balance as at 30 June 2015</b>	<b>162,000,000</b>	<b>9,405,906</b>

<sup>(1)</sup> The Company undertook a share placement exercise (the "Placement") whereby 6,000,000 new ordinary shares were allocated and issued to Mr Goh Khoon Lim on 14 October 2014 at a subscription price of S\$0.42 per share.

<sup>(2)</sup> On 5 December 2014, the Company announced a proposed share split of every one (1) existing share held by shareholders of the Company into two (2) shares (the "Share Split") which resulted in the Company having a share capital of 162,000,000 shares, the listing of which had commenced with effect from 9.00 a.m. on 22 January 2015. For comparative purposes, the weighted average number of shares for FY2015 and FY2014 has been adjusted for the Share Split.

There were no outstanding convertibles or shares held as treasury shares as at 30 June 2014 and 30 June 2015.

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	
	30.06.2015	30.06.2014
Total number of issued shares excluding treasury shares	162,000,000	75,000,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares 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 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 Group's financial statements for FY2015 as its most recently audited financial statements for FY2014, except for those new and revised accounting policies in paragraph 5 below.

**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.**

The Group adopted the new/revised financial reporting standards ("FRS") and interpretations of FRS that are effective for annual periods beginning on or after 1 July 2014. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

Revised FRS 27	Separate Financial Statements
FRS 110	Consolidated Financial Statements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities

The adoption of the above new or amended FRS is assessed to have no material impact on the financial statements of the Group for FY2015.

**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.**

	<b>Group</b>	
	<b>Unaudited FY2015</b>	<b>Audited FY2014</b>
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company (S\$)	2,254,091	1,114,145
Weighted average number of ordinary shares	79,273,973 <sup>(1)</sup>	63,032,877 <sup>(2)</sup>
EPS - Basic and diluted (cents)	<u>2.84</u>	<u>1.77</u>
Weighted average number of ordinary shares after adjusting for Share Split <sup>(3)</sup>	<u>158,547,945</u>	<u>126,065,754</u>
EPS - Basic and diluted (cents) after adjusting for the Share Split <sup>(3)</sup>	<u>1.42</u>	<u>0.88</u>

The basic and diluted earnings per share are the same for FY2015 and FY2014 as there were no potentially dilutive instruments as at 30 June 2015 and 30 June 2014.

<sup>(1)</sup> The computation of the weighted average number of ordinary shares for FY2015 is based on the post-IPO share capital of 75,000,000 shares and takes into account the 6,000,000 new ordinary shares allotted and issued to Mr Goh Khoon Lim on 14 October 2014 in connection with the Placement.

<sup>(2)</sup> The computation of the weighted average number of ordinary shares for FY2014 is based on the pre-IPO share capital of 63,000,000 shares and takes into account the 12,000,000 new ordinary shares allotted and issued in connection with the IPO and listing of the Company on 30 June 2014.

<sup>(3)</sup> For comparative purposes, the weighted average number of ordinary shares for FY2015 and FY2014 has been adjusted for the Share Split. Weighted average number of ordinary shares after the Share Split may not be a product of the weighted average number of ordinary shares before the Share Split and the Share Split ratio due to rounding.

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 <u>As at 30.06.2015</u>	Audited <u>As at 30.06.2014</u>	Unaudited <u>As at 30.06.2015</u>	Audited <u>As at 30.06.2014</u>
Net asset value per ordinary share based on the number of shares in issue at end of year, as adjusted for the Share Split <sup>(1)</sup> (cents)	7.3	5.5	7.0	4.5

<sup>(1)</sup> For comparative purposes, net asset value per ordinary share as at 30 June 2015 and as at 30 June 2014 has been computed based on the share capital of 162,000,000 shares and 150,000,000 shares, respectively.

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**

We have two major business segments, namely (i) Security Solutions Business, and (ii) Maintenance and Leasing Business.

#### **Revenue**

The Group's revenue increased by approximately S\$3.2 million or 25.9% from S\$12.4 million in FY2014 to S\$15.7 million in FY2015.

Revenue from the Security Solutions Business increased by approximately S\$1.7 million or 19.8% from S\$8.5 million in FY2014 to S\$10.1 million in FY2015. This was mainly attributable to the increase in:-

- a) the sale of security products due to increase in demand for integrated security solutions by customers in Singapore and the rest of Southeast Asia, increased demand for Acoustic Hailing Systems by customers in Indochina, and the supply of parts for Border Security Equipment to customers in the rest of Southeast Asia in aggregate of S\$9.2 million; and
- b) partially offset by the decrease in the sale of security products in aggregate of S\$7.6 million due to decreased demand for Acoustic Hailing Systems by customers in Singapore and the rest of Southeast Asia and the decrease in the sale of security products in relation to the SIT Project (as defined and disclosed in the Offer Document) as the project was approaching its completion.

Revenue from the Maintenance and Leasing Business increased by approximately S\$1.5 million or 38.7% from S\$4.0 million in FY2014 to S\$5.5 million in FY2015. This was mainly attributable to the increase in:-

- a) fees earned of S\$531,000 from the provision of maintenance support services to customers in Indochina and the rest of Southeast Asia pursuant to existing maintenance support services contracts entered into during the second half year ended 30 June 2014 ("2H2014");
- b) fees earned of S\$639,000 due to contracts secured from the lease-and-maintenance contracts entered into with HDB in 2H2014 and the half year ended 31 December 2014 ("1H2015");
- c) fees earned of S\$185,000 due to the ad-hoc replacement of a component in a security system for a public sector customer in Singapore in 2H2015; and

- d) consultancy fees earned of S\$101,000 for on-going consultancy work in relation to an airport project which began in 2H2014.

### **Cost of sales**

Cost of sales increased by approximately S\$2.8 million or 42.9% from S\$6.4 million in FY2014 to S\$9.2 million in FY2015. This was mainly due to:-

- a) the increase in sale of security products and integrated security solutions in Indochina, the rest of Southeast Asia and Singapore; and
- b) the continued amortization of the cost of several extended supply contracts that the Group had entered into in 2H2014 over the duration of several maintenance support services contracts which were renewed with several public sector customers in Singapore and the rest of Southeast Asia, and with its dealers in Indochina and the rest of Southeast Asia. This arrangement with the Group's supplier ensures its customers of the availability of maintenance support from its supplier over the duration of the maintenance support services contracts and ensures that this support would be rendered at a fixed cost to it.

### **Gross profit and gross profit margin**

Gross profit increased by approximately S\$456,000 or 7.6% from S\$6.0 million in FY2014 to S\$6.5 million in FY2015. Gross profit margin decreased from approximately 48.2% in FY2014 to approximately 41.2% in FY2015. The decrease in gross profit margin was due mainly to the lower margins secured from the Security Solutions Business in 2H2015.

### **Other operating income**

Other operating income increased by approximately S\$252,000 from S\$299,000 in FY2014 to S\$551,000 in FY2015. This was mainly due to:-

- a) foreign exchange gains of S\$269,000 mainly due to the appreciation of the trade receivables denominated in the United States dollar against the Singapore dollar;
- b) reversal of allowance for inventories obsolescence of S\$99,000 due to the sale of security products which were previously fully written down;
- c) government grants and subsidies amounting to approximately S\$68,000; and
- d) partially offset by the absence of the forfeiture of a customer's sales deposit of S\$185,000 due to a cancellation of order in FY2014.

### **Administrative expenses**

Administrative expenses decreased by approximately S\$299,000 or 6.4% from S\$4.7 million in FY2014 to S\$4.4 million in FY2015. This was mainly attributable to the:-

- a) absence in FY2015 of IPO-related expenses incurred in FY2014 of S\$1.1 million; and
- b) partially offset by increase in distribution and marketing expenses of S\$239,000, increase in on-going compliance fees and professional fees incurred in FY2015 for the Placement and Share Split exercise of S\$236,000, and the increase in directors' and employees' remuneration and benefit expenses of S\$344,000 mainly due to annual salary increments, increase in headcount, and the increase in director's fees in connection with the appointment of directors pursuant to the IPO.

## **Other operating expenses**

Other operating expenses remained relatively stable at S\$28,000 in FY2014 and S\$22,000 in FY2015.

## **Finance costs**

Finance costs increased by approximately S\$36,000 from S\$1,000 in FY2014 to S\$37,000 in FY2015. This was mainly attributable to interest expenses and bank charges payable in relation to credit facilities utilised for general working capital purposes.

## **Income tax expenses**

Income tax expenses decreased by approximately S\$163,000 from S\$466,000 in FY2014 to S\$303,000 in FY2015. This was mainly attributable to the timing differences between the tax and accounting depreciation of the plant and equipment that the Group owns and the utilisation of tax losses of holding company under the group tax relief system.

## **Profit for the year**

As a result of the above, profit for the year increased by approximately S\$1.1 million from S\$1.1 million in FY2014 to S\$2.3 million in FY2015.

## **Review of the Group's financial position**

### **Current assets**

Current assets increased by approximately S\$2.9 million from S\$11.2 million as at 30 June 2014 to S\$14.0 million as at 30 June 2015. The increase in current assets was mainly due to the increase in trade receivables of S\$2.7 million mainly due to higher sales made on credit terms from the Security Solutions Business towards the financial year end and which had remained outstanding as at 30 June 2015.

### **Non-current assets**

Non-current assets increased by approximately S\$3.2 million from S\$2.9 million as at 30 June 2014 to S\$6.1 million as at 30 June 2015. The increase in non-current assets was mainly due to the increase in plant and equipment of S\$3.1 million mainly due to purchases made for the Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Offer Document) awarded in 2H2014 and 1H2015.

### **Current liabilities**

Current liabilities increased by approximately S\$2.0 million from S\$5.8 million as at 30 June 2014 to S\$7.8 million as at 30 June 2015. The increase in current liabilities was mainly due to the increase in trade and other payables due to suppliers which had remained outstanding as at 30 June 2015, and an increase in banking borrowings and finance leases.

### **Non-current liabilities**

Non-current liabilities increased by approximately S\$500,000 from S\$104,000 as at 30 June 2014 to S\$604,000 as at 30 June 2015 attributable to the increase in deferred tax liabilities of approximately S\$211,000 mainly due to the timing difference for the accounting treatment of the Alert Alarm Systems under plant and equipment and the increase in bank borrowings of S\$290,000.

## **Capital and reserves**

The increase in capital and reserves from approximately \$8.2 million as at 30 June 2014 to \$11.8 million as at 30 June 2015 was due mainly to the net proceeds from the Placement of approximately S\$2.5 million, profits from FY2015 of approximately S\$2.3 million and partially offset by dividend payments amounting to approximately S\$1.2 million in relation to dividends declared in respect of 1H2015.

## **Review of the Group's cashflows**

### **Net cash from operating activities**

In FY2015, the net cash from operating activities was approximately S\$1.3 million, which consisted mainly of operating cashflows before working capital changes of S\$2.9 million, offset by net working capital outflow of S\$1.3 million and income tax paid of \$364,000.

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

- a) an increase in trade receivables of S\$2.7 million mainly due to higher sales made on credit terms from the Security Solutions Business towards the financial year end and which had remained outstanding as at 30 June 2015;
- b) decrease in other payables of S\$709,000 mainly due to the net effect of the payment of professional fees incurred for the IPO of S\$377,000, payment to a related party, IPS Group Pte Ltd, pursuant to the rental of office and group services provided by them for S\$106,000, decrease in accruals in aggregate of S\$295,000 in relation to the payment of directors' and employees' remuneration and benefits expenses and professional fees for audit, tax and secretarial services, decrease in advances from customers of S\$54,000 and an increase in goods and services tax ("GST") payable of S\$106,000 and unbilled costs of S\$20,000 in relation to an integrated security solution project.
- c) partially offset by an increase in trade payables due to suppliers of S\$2.0 million.
- d) partially offset by a decrease in other receivables in aggregate of S\$280,000, mainly due to the absence of deposits placed with the Group's suppliers in FY2014 for purchases made in relation to the Alert Alarm Systems for the HDB Project (as defined and disclosed in the Offer Document) of S\$256,000, decrease in deferred expenditure of S\$38,000 pertaining to pre-paid sub-contracting costs in relation to the provision of maintenance support services, decrease in GST recoverable of S\$76,000, and other prepayments for tender deposits, insurance premiums and miscellaneous expenses in aggregate of S\$6,000 and an increase in deposits placed with the Group's suppliers for purchase of security products of S\$58,000 and a security deposit of S\$39,000 placed with HDB pursuant to the HDB Project.

### **Net cash used in investing activities**

Net cash used in investing activities amounted to approximately S\$3.0 million in FY2015 due to payment for the purchase made in relation to the Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Offer Document) awarded in 2H2014 and 1H2015 and purchase of company van.

### **Net cash from financing activities**

Net cash from financing activities amounted to approximately S\$1.9 million mainly due to the net proceeds from the Placement of S\$2.5 million and proceeds from bank borrowings of S\$950,000, partially offset by dividends paid amounting to S\$1.2 million in relation to interim dividends declared in respect of FY2015 and repayment of finance leases and bank borrowings in aggregate of S\$288,000.

**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.**

The Group believes that the security products and solutions industry is generally dependent on factors such as perceived threats from terrorism, civil and political unrest, government budgets and general economic conditions.

According to the latest Global Terrorism Database by the National Consortium for the Study of Terrorism and Responses to Terrorism (“START”), has documented more than 140,000 cases of transnational and international terrorist incidents from 1970 to 2014. In addition, there have been increasing occurrences of civil and political unrests in Asia. For instance, the 2014 Hong Kong protests known as the Umbrella movement, the July 2015 Kuala Lumpur’s Low Yat Plaza mob attack and Malaysia’s recent political protest marches, serve as a stark reminder that law enforcers need advanced solutions to manage such situations in the interest of public security and safety.

As such, the Group believes that the demand for security surveillance, products and solutions will rise as more governments and organisations look for preventive security monitoring and control measures.

The Group is seeing more interest for cargo scanning equipment and will continue to market this product to various border control agencies in the Asia Pacific. PepperBall products have also gained market momentum with several queries from across the region and a letter of intent (“LOI”) announced on 29 April 2015 to supply PepperBall products to a government body in the rest of Southeast Asia. The Group has been appointed by United Tactical Systems, LLC (“UTS”), which owns all rights, titles and interests in the “PepperBall” trademark and trade name in the United States, as the exclusive master distributor of the PepperBall products within the Asia Pacific.

The Group is also developing unique solutions such as combining acoustic hailing devices with radar technology to focus on bird strike deterrence and is concurrently marketing these two products to military air bases and commercial airports around the Asia Pacific.

As announced on 20 April 2015, following the successful pilot run of the Group’s Secured Virtual Healthcare Systems and Solutions (the “SVHSS”), the Group is planning to reach out to more nursing homes across Singapore to market the SVHSS in FY2016.

Barring any unforeseen circumstances, the Group remains positive about the business outlook for FY2016.

<sup>1</sup> *Global Terrorism Database is an open-source database including information on terrorist events around the world from 1970 through 2014 (with additional annual updates planned for the future). Link: <http://www.start.umd.edu/gtd/>*

**11. Dividend**

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

Name of dividend:	Ordinary cash dividend
Dividend type:	Final
Dividend rate:	0.75 cent per ordinary share
Tax rate:	One-tier tax exempt

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

No.

(c) Date payable

To be announced, subject to shareholders' approval of the final ordinary cash dividend at the annual general meeting of the Company ("AGM") to be convened.

(d) Books closure date

To be announced, subject to shareholders' approval of the final ordinary cash dividend at the AGM to be convened.

**12. If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

**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 Catalist Rules. However, pursuant to Rule 905 of the Catalist Rules, the following is disclosed.

	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 902 of the Catalist Rules)
	S\$
<u>Provision of group services (such as, finance, corporate secretarial, human resources, warehouse operation cost and rental expense).</u> IPS Group Pte. Ltd.	(162,929)

**PART II - ADDITIONAL INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS**

14. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	<u>Revenue</u>		<u>Net profit</u>	
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>FY2015</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2014</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Security Solutions Business	10,139,701	8,462,291	3,326,144	3,792,767
Maintenance and Leasing Business	5,524,579	3,983,377	3,134,571	2,397,631
	<u>15,664,280</u>	<u>12,445,668</u>	<u>6,460,715</u>	<u>6,190,398</u>
Other operating income			551,151	106,438
Administrative expenses			(4,395,909)	(4,694,637)
Other operating expenses			(22,001)	(21,539)
Finance costs			(36,585)	(632)
Profit before income tax			<u>2,557,371</u>	<u>1,580,028</u>
Income tax expense			(303,280)	(465,883)
Profit for the year			<u><u>2,254,091</u></u>	<u><u>1,114,145</u></u>

  

<u>Segment assets</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>As at 30.06.15</u>	<u>As at 30.06.14</u>
	<u>S\$</u>	<u>S\$</u>
Security Solutions Business	8,744,129	5,725,688
Maintenance and Leasing Business	6,252,602	3,505,350
Total segment assets	<u>14,996,731</u>	<u>9,231,038</u>
Unallocated assets	5,163,164	4,870,519
Total consolidated assets	<u><u>20,159,895</u></u>	<u><u>14,101,557</u></u>

  

<u>Segment liabilities</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>As at 30.06.15</u>	<u>As at 30.06.14</u>
	<u>S\$</u>	<u>S\$</u>
Security Solutions Business	4,741,782	3,026,093
Maintenance and Leasing Business	1,558,631	830,108
Total segment liabilities	<u>6,300,413</u>	<u>3,856,201</u>
Unallocated liabilities	2,055,824	1,998,530
Total consolidated liabilities	<u><u>8,356,237</u></u>	<u><u>5,854,731</u></u>

  

<u>Other segment information</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>FY2015</u>	<u>FY2014</u>
	<u>S\$</u>	<u>S\$</u>
Depreciation		
Maintenance and Leasing Business	523,900	191,951
Unallocated	89,211	41,178
	<u>613,111</u>	<u>233,129</u>
Additions to plant and equipment		
Maintenance and Leasing Business	3,527,760	621,972
Unallocated	155,067	145,437
	<u>3,682,827</u>	<u>767,409</u>

  

<u>Geographical information</u>	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>FY2015</u>	<u>FY2014</u>	<u>As at 30.06.15</u>	<u>As at 30.06.14</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Singapore	6,017,609	5,292,571	6,144,113	2,948,987
Indochina <sup>(1)</sup>	2,626,099	162,208	-	-
Rest of Southeast Asia <sup>(2)</sup>	7,020,572	6,990,889	-	-
	<u>15,664,280</u>	<u>12,445,668</u>	<u>6,144,113</u>	<u>2,948,987</u>

<sup>(1)</sup> Includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

<sup>(2)</sup> Includes Malaysia, Brunei, Indonesia, Philippines, Timor Leste.



**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 above.

**16. A breakdown of sales.**

	Group		
	FY2015	FY2014	% change
	S\$	S\$	
Revenue - First Half Year	5,777,286	3,799,847	52.0
Revenue - Second Half Year	9,886,994	8,645,821	14.4
Revenue - Total	<u>15,664,280</u>	<u>12,445,668</u>	25.9
Profit after tax - First Half Year	910,528	235,939	285.9
Profit after tax - Second Half year	1,343,563	878,206	53.0
Profit after tax - Total	<u>2,254,091</u>	<u>1,114,145</u>	102.3

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2015	FY2014
	S\$	S\$
Ordinary <sup>(1)</sup>	1,215,000	-
Preference	-	-
Total	<u>1,215,000</u>	-

<sup>(1)</sup> Relates to the interim ordinary dividends declared in 1H2015 in respect of FY2015 and does not include the proposed final ordinary dividend of 0.75 cents per ordinary share in respect of FY2015 which is subject to shareholders' approval at the forthcoming AGM to be convened.

**18. Use of Placement Proceeds**

The Company undertook the Placement exercise whereby 6,000,000 new ordinary shares were allotted and issued on 14 October 2014 at a subscription price of \$0.42 per share raising net proceeds of approximately S\$2.5 million. The net proceeds raised from the Placement have not been utilised to date.

The Company will make periodic announcements on the use of the net proceeds from the Placement exercise as and when the funds are materially disbursed.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Kelvin Lim Ching Song  
Executive Director and Chief Executive Officer  
20 August 2015

## Media Release

### IPS Securex's FY2015 net profit grew 102.3% to S\$2.3 million

- Revenue increased by 25.9% to S\$15.7 million in FY2015 with revenue increases in both its Security Solutions Business and Maintenance and Leasing Business
- Gross profit went up 7.6% from S\$6.0 million in FY2014 to S\$6.5 million in FY2015; net profit margin improved to 14.4% in FY2015 from 9.0% in FY2014
- Proposes Final Dividend of 0.75 cent per ordinary share

SINGAPORE, 20 August 2015 – 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 that its net profit for the financial year ended 30 June 2015 (“FY2015”) reached S\$2.3 million, a 102.3% increase from the previous corresponding full year ended 30 June 2014 (“FY2014”).

Commenting on the FY2015 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said: ***“We are pleased to announce that we have registered significant growth in our revenue and net profit for both our Security Solutions and Maintenance and Leasing Businesses for the year. Moving forward, barring any unforeseen circumstances, we remain positive for a better year ahead.”***

#### Dividend

The Board is recommending a Final Dividend of 0.75 cent per ordinary share for FY2015 which is subject to shareholders’ approval at the Annual General Meeting to be convened at a later date.

## FY2015 Financial Highlights

In S\$'million unless otherwise stated	FY2015	FY2014	Change (%)
Revenue	15.7	12.4	25.9
Gross Profit	6.5	6.0	7.6
Gross Profit Margin	41.2%	48.2%	(7.0) ppt
Profit before income tax	2.6	1.6	61.9
Net Profit	2.3	1.1	102.3

The Group's FY2015 revenue increased by approximately 25.9% to S\$15.7 million, with the Security Solutions Business and the Maintenance and Leasing Business recording revenue increases of approximately S\$1.7 million and S\$1.5 millions respectively.

The 19.8% increase in revenue for the Group's Security Solutions Business from S\$8.5 million in FY2014 to S\$10.1 million in FY2015 was mainly attributable to the increased demand for integrated security solutions by customers in Singapore and the rest of Southeast Asia<sup>(1)</sup>; an increase in customer demand for Acoustic Hailing Systems in Indochina<sup>(2)</sup>; and the supply of parts for Border Security Equipment to customers in the rest of Southeast Asia. This was partially offset by the lesser demand for Acoustic Hailing Systems by customers in Singapore and the rest of Southeast Asia, and for the sale of security products related to the SIT project as it was nearing completion.

Revenue from the Group's Maintenance and Leasing Business increased by approximately 38.7% from S\$4.0 million in FY2014 to S\$5.5 million in FY2015. This increase was mainly due to maintenance support services fees to customers in Indochina and the rest of Southeast Asia attributable to contracts entered into in the second half of FY2014; lease and maintenance fees earned for contracts with HDB entered into in the second half of FY2014 and first half of FY2015; an ad-hoc replacement of a component in a security system for a public sector customer in Singapore; and consultancy fees earned for an airport project.

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

<sup>(2)</sup> Indochina includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

The Group's gross profit increased by approximately 7.6% from S\$6.0 million in FY2014 to S\$6.5 million in FY2015, with gross profit margin decreasing from 48.2% in FY2014 to 41.2% in FY2015. The decrease in gross profit margin was mainly due to lower margins secured from the Security Solutions Business in the second half of FY2015.

Administrative expenses fell from S\$4.7 million in FY2014 to S\$4.4 million in FY2015, mainly due to the absence of IPO-related expenses of S\$1.1 million, which partially offsetted the increase in distribution and marketing expenses, increase in ongoing compliance fees and professional fees for the share placement and share split exercises, and increase in directors and employees' remuneration and benefit expenses.

Overall, the Group recorded a net profit of S\$2.3 million for FY2015.

### **Healthy Financial Position**

As at 30 June 2015, the Group had net assets of approximately S\$11.8 million, compared to S\$8.2 million as at 30 June 2014. Cash and cash equivalents as at 30 June 2015 stood at S\$4.8 million as compared to S\$4.5 million as at 30 June 2014.

### **Looking Ahead**

The Group is seeing more interest for cargo scanning equipment and will continue to market this product to various border control agencies in the Asia Pacific. The Group's PepperBall brand of non-lethal countermeasure technology products ("PepperBall Products") has also gained market momentum with several queries from across the region and a letter of intent ("LOI") announced on 29 April 2015 to supply PepperBall Products to a government body in Southeast Asia.

The Group has been appointed by United Tactical Systems, LLC ("UTS"), which owns all rights, titles and interests in the "PepperBall" trademark and trade name in the United States, as the exclusive master distributor of the PepperBall products within the Asia Pacific.

Furthermore, the Group is developing unique solutions such as combining acoustic hailing devices with radar technology to focus on bird strike deterrence and is concurrently marketing these two products to military air bases and commercial airports around the Asia Pacific.

Also, following the successful pilot run of the Group's Secured Virtual Healthcare Systems and Solutions (the "SVHSS") as announced on 20 April 2015, the Group is planning to reach out to more nursing homes across Singapore to market the SVHSS in FY2016.

Barring any unforeseen circumstances, the Board of Directors remains positive about the business outlook for FY2016.

End.

**Note to Media: This media release is to be read in conjunction with the results 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 Asia Pacific.

Since 2000, the Group 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 the Merit Award for Best Investor Relations (First-Year Listed Companies) at the Singapore Corporate Awards 2015.

**Issued for and on behalf of IPS Securex Holdings Limited by Cogent Communications Pte Ltd. For more information, please contact:**

Ms Chan Hui Si, Tel: (65) 6704-9287, Mob: (65) 8298-4408, Email: [huisi@cogentcomms.com](mailto:huisi@cogentcomms.com)

Mr Jess Fu, Tel: (65) 6704-9286, Mob: (65) 9823-5132, Email: [jessfu@cogentcomms.com](mailto:jessfu@cogentcomms.com)

Mr Gerald Woon, Tel: (65) 6704-9268, Mob: (65) 9694-8364, Email: [woon@cogentcomms.com](mailto:woon@cogentcomms.com)

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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 the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this media release.*

*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 press release, including the correctness of any of the statements or opinions made or reports contained in this press release. The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and 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.*