

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

Issuer/ Manager	IPS SECUREX HOLDINGS LIMITED
Securities	IPS SECUREX HOLDINGS LIMITED - SG1BJ0000005 - 42N
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Announcement Details

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Additional Details

For Financial Period Ended	30/06/2016
Attachments	<p>📎IPS - Full Year Financial Statement and Dividend Announcement for the YE2016.pdf</p> <p>📎IPS - FY2016 Media Release.pdf</p> <p>Total size =841K</p>

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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”) 2016

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 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 had on 24 February 2016, entered into sale and purchase agreement with Mr Lim Ang Seng and Mr Lim Bang Quan (collectively known as the “Vendors”) to acquire 100.0% of the issued share capital of Yatai Security & Communications Pte. Ltd. (“Yatai”) and Avac Systems Pte. Ltd. (“AVAC”) (the “Acquisition”). Further to the completion of the Acquisition on 1 April 2016, the results of Yatai and AVAC have been incorporated into the results of the Group with effect from the date thereof. Please refer to the Company’s announcements on the SGXNET dated 29 October 2015, 24 February 2016 and 1 April 2016 for further details on the Acquisition.

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 FY2016 S\$	Audited FY2015 S\$	Increase/ (Decrease) % change
Revenue	12,764,924	15,664,280	(18.5)
Cost of sales	(6,730,071)	(9,203,439)	(26.9)
Gross profit	6,034,853	6,460,841	(6.6)
Other operating income	1,986,445	551,151	260.4
Administrative expenses	(5,149,270)	(4,395,909)	17.1
Other operating expenses	(250,521)	(22,127)	1,032.2
Finance costs	(40,502)	(36,585)	10.7
Profit before income tax	2,581,005	2,557,371	0.9
Income tax expense	(316,289)	(303,280)	4.3
Profit for the year, representing total comprehensive income for the year	2,264,716	2,254,091	0.5

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

	Group		
	Unaudited FY2016 S\$	Audited FY2015 S\$	Increase/(Decrease) % change
After charging:			
Depreciation of plant and equipment	(893,123)	(613,111)	45.7
Foreign exchange loss	(206,157)	-	NM
Loss on disposal of plant and equipment	(8,941)	-	NM
Inventories written off	(1,944)	(126)	1,442.9
Allowance for inventories obsolescence	(12,342)	-	NM
Finance costs	(40,502)	(36,585)	10.7
Underprovision of income tax expenses in respect of prior year	(181)	-	NM
and crediting:			
Reversal of allowance for inventories obsolescence	-	98,887	NM
Foreign exchange gain	-	268,970	NM
Negative goodwill arising from the Acquisition	125,382	-	NM
Credit note from a supplier	1,515,961	-	NM
Miscellaneous income	85,132	18,942	349.4
Overprovision of income tax expenses in respect of prior year	-	51,428	NM
Rental income	9,973	-	NM
Interest income	119,128	35,823	232.5
Government grants and subsidies	77,869	67,929	14.6

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 30.06.2016 S\$	Audited As at 30.06.2015 S\$	Unaudited As at 30.06.2016 S\$	Audited As at 30.06.2015 S\$
ASSETS				
Current assets				
Cash and cash equivalents	3,914,031	4,768,941	1,105,336	2,479,364
Trade receivables	10,368,561	8,054,844	-	-
Other receivables	934,431	516,276	3,073,389	2,187,541
Loan to subsidiary corporation	-	-	4,261,400	4,149,654
Inventories	751,615	675,721	-	-
Total current assets	15,968,638	14,015,782	8,440,125	8,816,559
Non-current assets				
Investment in subsidiary corporations	-	-	4,866,199	3,000,199
Plant and equipment	4,590,913	4,803,771	-	-
Long term trade receivables	196,229	1,340,342	-	-
Total non-current assets	4,787,142	6,144,113	4,866,199	3,000,199
Total assets	20,755,780	20,159,895	13,306,324	11,816,758
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	3,579,508	5,409,799	-	-
Other payables	2,062,204	1,238,660	1,266,885	506,017
Finance lease	216,389	211,027	-	-
Borrowings	556,712	800,000	356,712	-
Income tax payable	340,009	92,509	-	-
Total current liabilities	6,754,822	7,751,995	1,623,597	506,017
Non-current liabilities				
Finance lease	73,327	289,716	-	-
Borrowings	674,087	-	674,087	-
Deferred tax liabilities	400,170	314,526	-	-
Total non-current liabilities	1,147,584	604,242	674,087	-
Total liabilities	7,902,406	8,356,237	2,297,684	506,017
Capital and reserves				
Share capital	9,405,906	9,405,906	9,405,906	9,405,906
Capital reserves	(589,999)	(589,999)	210,000	210,000
Accumulated profit	4,037,467	2,987,751	1,392,734	1,694,835
Total capital and reserves	12,853,374	11,803,658	11,008,640	11,310,741
Total liabilities and equity	20,755,780	20,159,895	13,306,324	11,816,758

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 30.06.2016		As at 30.06.2015	
	Secured	Unsecured	Secured	Unsecured
	S\$	S\$	S\$	S\$
Amount repayable in one year or less, or on demand	773,101	-	1,011,027	-
Amount repayable after one year	747,414	-	289,716	-
	<u>1,520,515</u>	<u>-</u>	<u>1,300,743</u>	<u>-</u>

Details of the collaterals:

The Group's borrowings are secured by corporate guarantees provided by IPS Securex Holdings Limited and IPS Securex Pte. Ltd. The Group's finance lease is secured by the respective plant and equipment 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	
	Unaudited FY2016 S\$	Audited FY2015 S\$
Operating activities		
Profit before income tax	2,581,005	2,557,371
Adjustments for:		
Interest income	(119,128)	(35,823)
Finance costs	40,502	36,585
Depreciation of plant and equipment	893,123	613,111
Loss on disposal of plant and equipment	8,941	-
Inventories written off	1,944	126
Reversal of allowance for inventories obsolescence	-	(98,887)
Allowance for inventories obsolescence	12,342	-
Credit note from a supplier	(1,515,961)	-
Net foreign exchange gain	(25,191)	(170,714)
Negative goodwill arising from the Acquisition	(125,382)	-
Operating cash flows before working capital changes	<u>1,752,195</u>	<u>2,901,769</u>
Trade receivables	65,918	(2,724,253)
Other receivables	(211,736)	280,083
Inventories	828,186	(81,480)
Trade payables	(631,735)	1,969,002
Other payables	<u>(321,749)</u>	<u>(709,333)</u>
Cash generated from operations	1,481,079	1,635,788
Income tax paid	(73,731)	(363,815)
Interest received	71,207	4,823
Net cash from operating activities	<u>1,478,555</u>	<u>1,276,796</u>
Investing activities		
Net cash outflow from acquisition of subsidiaries	(680,464)	-
Purchase of plant and equipment ⁽¹⁾	(615,974)	(3,044,276)
Net cash used in investing activities	<u>(1,296,438)</u>	<u>(3,044,276)</u>
Financing activities		
Proceeds from issuance of shares, net of issuance costs	-	2,517,741
Dividends paid	(1,215,000)	(1,215,000)
Interest paid	(42,004)	(34,956)
Proceeds from bank borrowings	1,119,600	950,000
Repayments of bank borrowings	(688,801)	(150,000)
Repayments of finance lease	<u>(211,027)</u>	<u>(137,808)</u>
Net cash (used in)/from financing activities	<u>(1,037,232)</u>	<u>1,929,977</u>
Net (decrease)/increase in cash and cash equivalents	(855,115)	162,497
Effect of exchange rate changes on the balance of cash held in foreign currencies	205	75,004
Cash and cash equivalents at beginning of the year	4,768,941	4,531,440
Cash and cash equivalents at end of the year	<u>3,914,031</u>	<u>4,768,941</u>

⁽¹⁾ In FY2016, the Group acquired plant and equipment with an aggregate cost of S\$615,974 (FY2015: S\$3,682,827) of which S\$Nil (FY2015: S\$638,551) was acquired by way of finance lease. Cash payments of S\$615,974 were made in FY2016 to purchase office equipment and undertake renovation for the Group's relocation to its new office at 213 Henderson Road, #04-09, Singapore 159553 ("New Office") (FY2015: S\$3,044,276 were made to purchase equipment relating mainly to the Group's Alert Alarm Systems in respect of the HDB Project (as defined and disclosed in the Company's offer document dated 20 June 2014 (the "Offer Document") in connection with its initial public offering (the "IPO") and listing on Catalyst)).

- 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	Capital reserves	Accumulated profit/(losses)	Total
Balance at 1 July 2015	9,405,906	(589,999)	2,987,751	11,803,658
Dividends paid	-	-	(1,215,000)	(1,215,000)
Total comprehensive income for the year	-	-	2,264,716	2,264,716
Balance at 30 June 2016	9,405,906	(589,999)	4,037,467	12,853,374
Balance at 1 July 2014	6,888,165	(589,999)	1,948,660	8,246,826
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised ⁽¹⁾	2,517,741	-	-	2,517,741
Dividends paid	-	-	(1,215,000)	(1,215,000)
Total comprehensive income for the year	-	-	2,254,091	2,254,091
Balance at 30 June 2015	9,405,906	(589,999)	2,987,751	11,803,658
Company				
Balance at 1 July 2015	9,405,906	210,000	1,694,835	11,310,741
Dividends paid	-	-	(1,215,000)	(1,215,000)
Total comprehensive income for the year	-	-	912,899	912,899
Balance at 30 June 2016	9,405,906	210,000	1,392,734	11,008,640
Balance at 1 July 2014	6,888,165	210,000	(373,969)	6,724,196
Issuance of ordinary shares pursuant to the Placement, net of Placement expenses capitalised ⁽¹⁾	2,517,741	-	-	2,517,741
Dividends paid	-	-	(1,215,000)	(1,215,000)
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

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

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 2015	162,000,000	9,405,906
Additional shares from Share Split ⁽¹⁾	324,000,000	-
Balance at 30 June 2016	<u>486,000,000</u>	<u>9,405,906</u>

⁽¹⁾ On 31 August 2015, the Company announced a proposed share split of every one (1) existing share held by shareholders of the Company into three (3) shares (the "Share Split") which resulted in the Company having a share capital of 486,000,000 shares, the listing of which commenced with effect from 9.00 a.m. on 2 October 2015.

There were no outstanding convertibles or shares held as treasury shares as at 30 June 2015 and 30 June 2016.

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	
	30.06.2016	30.06.2015
Total number of issued shares excluding treasury shares	<u>486,000,000</u>	<u>162,000,000</u>

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 FY2016 as its most recently audited financial statements for FY2015, 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.

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard. The adoption of the new and revised financial reporting standards (including their consequential amendments) and their interpretations is assessed to have no material impact on the results of the Group and of the Company for FY2016.

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 FY2016	Audited FY2015
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company (S\$)	2,264,716	2,254,091
Weighted average number of ordinary shares after adjusting for Share Split ⁽¹⁾	<u>486,000,000</u>	<u>475,643,835</u>
EPS - Basic and diluted (cents) after adjusting for the Share Split ⁽¹⁾	<u>0.47</u>	<u>0.47</u>

⁽¹⁾ On 31 August 2015, the Company announced a proposed share split of every one (1) existing share held by shareholders of the Company into three (3) shares (the "Share Split") which resulted in the Company having a share capital of 486,000,000 shares, the listing of which commenced with effect from 9.00 a.m. on 2 October 2015. For comparative purposes, the weighted average number of ordinary shares for FY2016 and FY2015 has been adjusted for the Share Split.

The computation of the weighted average number of shares for FY2015 also takes into account (i) the post-IPO share capital of 75,000,000 shares, (ii) the allotment and issuance of 6,000,000 new ordinary shares to Mr Goh Khoo Lim pursuant to the Placement, and (iii) as adjusted for the share split of every one (1) existing share held by shareholders of the Company into two (2) shares which was announced by the Company on 5 December 2014, and which resulted in the Company having a share capital of 162,000,000 shares, the listing of which commenced with effect from 9.00 a.m. on 22 January 2015.

For the purpose of this announcement, the weighted average number of 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.

The basic and diluted earnings per share are the same for FY2016 and FY2015 as there were no potentially dilutive instruments as at 30 June 2016 and 30 June 2015.

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 30.06.2016	Audited As at 30.06.2015	Unaudited As at 30.06.2016	Audited As at 30.06.2015
Net asset value per ordinary share based on the number of shares in issue at end of year, as adjusted for the Share Split ⁽¹⁾ (cents)	2.6	2.4	2.3	2.3

⁽¹⁾ For comparative purposes, net asset value per ordinary share as at 30 June 2016 and 30 June 2015 has been computed based on the share capital of 486,000,000 shares.

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 decreased by approximately S\$2.9 million or 18.5% from S\$15.7 million in FY2015 to S\$12.8 million in FY2016.

Revenue from the Security Solutions Business decreased by approximately S\$2.5 million or 24.6% from S\$10.1 million in FY2015 to S\$7.6 million in FY2016. This was mainly attributable to the decrease in:-

- a) the sale of Acoustic Hailing Systems to customers in Indochina⁽¹⁾ and decreased demand for security solutions products by customers in Rest of Southeast Asia⁽²⁾ and Singapore in aggregate of S\$8.3 million; and
b) partially offset by an increase in the sale of Acoustic Hailing Systems to customers in the Rest of Southeast Asia, as well as the increase in demand for integrated security solutions in Singapore and Indochina in aggregate of S\$5.8 million.

As announced by the Company on 18 May 2016, the Group had received two purchase orders ("POs") for Acoustic Hailing Systems, with a total contract value of US\$2.93 million, of which one PO amounting to a contract value of US\$510,000 had been recognized in FY2016, while the delivery for the other PO amounting to a contract value of US\$2.42 million had been delayed. This had also contributed to the lower revenue from the Security Solutions Business in FY2016.

Revenue from the Maintenance and Leasing Business decreased by approximately S\$404,000 or 7.3% from S\$5.5 million in FY2015 to S\$5.1 million in FY2016. This was mainly attributable to the following:-

- a) absence in FY2016 of fees earned of S\$730,000 for the provision of ad-hoc maintenance support services to a customer in Singapore in FY2015;
b) absence in FY2016 of consultancy fees earned of S\$439,000 for the provision of security consultancy for the design of an airport security product in FY2015;

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

⁽²⁾ "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines, Timor Leste, China, Hong Kong and Korea.

- c) partially offset by an increase in fees earned of S\$282,000 from the provision of maintenance support services to customers in the Rest of Southeast Asia, Singapore and Indochina; and
- d) partially offset by an increase in fees earned of S\$483,000 in FY2016 from the lease and maintenance contracts entered into with HDB in October 2014, for which the generation of lease income commenced in January 15.

Cost of sales

Cost of sales decreased by approximately S\$2.5 million or 26.9% from S\$9.2 million in FY2015 to S\$6.7 million in FY2016. This was mainly due to:-

- a) the decrease in sale of security products to customers in 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 early 2015 over the duration of several maintenance support services contracts which were renewed with several public sector customers in Singapore and in the Rest of Southeast Asia, and with its dealers in the Rest of Southeast Asia and Indochina. 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

Gross profit decreased by approximately S\$426,000 or 6.6% from S\$6.5 million in FY2015 to S\$6.0 million in FY2016.

Other operating income

Other operating income increased by approximately S\$1.4 million or 260.4% from S\$551,000 in FY2015 to S\$2.0 million in FY2016. This was mainly due to:-

- a) credit note received from a supplier amounting to S\$1.5 million in relation to trade payables due to the supplier for a previous contract to supply security products and solutions to a customer; and
- b) partially offset by an absence in FY2016 of reversal of allowance for inventories obsolescence of S\$99,000 recorded in FY2015, from the sale of security products which were previously fully written down.

Administrative expenses

Administrative expenses increased by approximately S\$753,000 or 17.1% from S\$4.4 million in FY2015 to S\$5.1 million in FY2016. This was mainly attributable to the increase in:-

- a) directors' and employees' remuneration and benefit expense of S\$572,000 mainly due to the annual salary increments and the increase in headcount arising from the Acquisition; and
- b) professional fees of S\$93,000 incurred in relation to the Acquisition.

Other operating expenses

Other operating expenses increased by S\$228,000 from S\$22,000 in FY2015 to S\$251,000 in FY2016. This was mainly due to foreign exchange losses of S\$206,000 mainly due to the strengthening of the United States dollar in which the Group's purchases are denominated in against the Singapore dollar.

Finance costs

Finance costs was at S\$37,000 in FY2015 and S\$40,000 in FY2016.

Income tax expense

Income tax expense remained relatively stable at S\$303,000 in FY2015 and S\$316,000 in FY2016.

Profit for the year

Profit for the year remained relatively stable at S\$2.3 million in FY2015 and FY2016 respectively.

Review of the Group's financial position

Current assets

Current assets increased by approximately S\$2.0 million from S\$14.0 million as at 30 June 2015 to S\$16.0 million as at 30 June 2016. The increase in current assets was mainly due to the increase in:-

- a) trade receivables of S\$2.3 million mainly due to higher sales made on credit terms from the Security Solutions Business towards the end of the financial year and which had remained outstanding as at 30 June 2016;
- b) other receivables of S\$418,000 mainly due to working capital loans provided to the main contractor for certain software development and maintenance projects amounting to S\$386,000; and
- c) partially offset by the decrease in cash and cash equivalents of S\$855,000 mainly due to the payment of dividends of S\$1.2 million in respect of FY2015.

Non-current assets

Non-current assets decreased by approximately S\$1.4 million from S\$6.1 million as at 30 June 2015 to S\$4.8 million as at 30 June 2016. The decrease in non-current assets was mainly due to a decrease in long term trade receivables of S\$1.1 million arising from repayments from a dealer in the Rest of Southeast Asia ahead of its payment schedule and the net decrease in plant and equipment of S\$213,000 primarily attributable to depreciation charges and disposals of plant and equipment.

Current liabilities

Current liabilities decreased by approximately S\$997,000 from S\$7.8 million as at 30 June 2015 to S\$6.8 million as at 30 June 2016. The decrease in current liabilities was mainly due to the decrease in:-

- a) trade payables of approximately S\$1.8 million mainly due to credit note from a supplier amounting to S\$1.5 million in relation to trade payables due to the supplier for a previous contract to supply security products and solutions to a customer; and
- b) partially offset by an increase in other payables of approximately S\$824,000 mainly due to the amount owing to Vendors in relation to the Acquisition of S\$746,000 which are not due as at 30 June 2016 and office renovation expenses incurred in relation to the New Office and professional fees of S\$81,000 in aggregate.

Non-current liabilities

Non-current liabilities increased by approximately S\$543,000 from S\$604,000 as at 30 June 2015 to S\$1.1 million as at 30 June 2016. This was due to the increase in bank borrowings of S\$674,000 and deferred tax liabilities of S\$86,000 respectively, which was partially offset by a decrease in finance lease of S\$216,000.

Capital and reserves

The increase in capital and reserves from approximately \$11.8 million as at 30 June 2015 to \$12.9 million as at 30 June 2016 was mainly due to the profits from FY2016 of S\$2.3 million, which was partially offset by dividend payments amounting to approximately S\$1.2 million in respect of FY2015.

Review of the Group's cashflows

Net cash from operating activities

In FY2016, the net cash from operating activities was approximately S\$1.5 million, which consisted mainly of operating cashflows before working capital changes of S\$1.8 million, net working capital outflow of S\$271,000, interest received of S\$71,000 and income tax paid of \$74,000.

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

- a) an increase in other receivables of S\$212,000 mainly due to working capital loans provided to the main contractor for certain software development and maintenance projects amounting to S\$386,000;
- b) a decrease in trade payables of S\$632,000 mainly due to decrease in trade payables due to suppliers;
- c) a decrease in other payables in aggregate of S\$322,000, mainly due to amount owing to Vendors in relation to the Acquisition of S\$746,000 which are not due as at 30 June 2016;
- d) partially offset by a decrease in inventories of S\$828,000 mainly due to the decrease in purchase of parts and components; and
- e) partially offset by a decrease in trade receivables of S\$66,000 mainly due to receipt of payment from customers.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$1.3 million in FY2016 mainly due to the Acquisition of S\$680,000 and renovation works and purchase of office equipment for the New Office in aggregate of S\$616,000.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$1.0 million mainly due to the payment of dividends amounting to S\$1.2 million in respect of FY2015, which was partially offset by a net increase in bank borrowings and finance lease of S\$220,000.

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.

Terrorist acts continue to make headlines all over the world in 2016. To date, according to the Global Terrorism Database by the National Consortium for the Study of Terrorism and Responses to Terrorism (“START”), there has been more than 150,000 cases of transnational and international terrorist incidents from 1970 to 2015.¹

In the Asia Pacific, the threat of terrorism remains very real, especially in relation to Islamic State in Iraq and Syria (“ISIS”). Recent events in the region, remain a timely reminder of the threat of terrorism. In May 2016, eight Bangladeshi men working in Singapore, who were planning to stage terror attacks back home, had been detained under the Internal Security Act (“ISA”). In June 2016, the first successful ISIS assault in Malaysia occurred in the form of a grenade attack on a nightspot in Puchong, Selangor, leaving eight people injured.

According to Homeland Security Research Corp. (“HSRC”)², the Asia-Pacific Homeland Security (“HLS”) & Public Safety (“PS”)³ market is forecasted to grow at approximately 10.67% Compound Annual Growth Rate (“CAGR”) throughout the 2015-2022 period.

The increasing frequency of terrorism globally and in the Asia Pacific, coupled with continued concerns about general security, are factors that will compel more governments and organisations to look for preventive security monitoring and control measures, which the Group believes will continue to propel the demand for its security products and integrated security solutions.

As disclosed by the Company in its announcement dated 2 February 2016, the Company had extended its Hyperspike Reseller Agreement (the “Agreement”) with UnderSea Sensor Systems, Inc. (“USSI”), for another five-year period with effect from 1 February 2016, to market and sell USSI’s Hyperspike products, including its range of Hyperspike Acoustic Hailing Devices (“AHDs”). Under this new extended agreement, China as a new addition to the list of territories and is on an exclusive basis, whereas Hong Kong and Macau, which was previously on a non-exclusive basis under the existing reseller agreement, is now on an exclusive basis. This marks the confidence and faith that USSI has placed on the Group to continue to work hard to ensure greater market penetration for Hyperspike AHDs in the Asia Pacific.

To better serve its customers, the Group will continue to acquire and develop innovative security products and solutions to keep ahead of today’s rapidly changing security challenges.

Barring any unforeseen circumstances, the Group remains positive about the business outlook for FY2017.

¹ *The Global Terrorism Database is an open-source database including information on terrorist events around the world from 1970 through 2015 (with additional annual updates planned for the future).*

Link: <http://www.start.umd.edu/gtd/>

² *Homeland Security Research Corp. (“HSRC”) is an international market and technology research firm specializing in the Homeland Security (HLS) & Public Safety (PS) industry.*

Link: <http://homelandsecurityresearch.com>

³ *Includes aviation, borders, maritime, and perimeter security, along with critical infrastructure security, land transportation security, cyber security, Chemical, Biological, Radiological and Nuclear Defense (“CBRNE Defense”) mitigation systems and police modernisation.*

11. Dividend

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

The following final dividend is recommended for shareholders' approval at the annual general meeting of the Company ("AGM") to be convened.

Name of dividend:	Ordinary cash dividend
Dividend type:	Final
Dividend rate:	0.25 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?

The following dividend was declared and paid in respect of FY2015.

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

(c) Date payable

To be announced, subject to shareholders' approval of the final ordinary cash dividend at the 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 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 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.	(154,587)

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>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Security Solutions Business	7,644,139	10,139,701	3,355,324	3,326,144
Maintenance and Leasing Business	5,120,785	5,524,579	2,679,529	3,134,571
	<u>12,764,924</u>	<u>15,664,280</u>	<u>6,034,853</u>	<u>6,460,715</u>
Other operating income			1,986,445	551,151
Administrative expenses			(5,149,270)	(4,395,909)
Other operating expenses			(250,521)	(22,001)
Finance costs			(40,502)	(36,585)
Profit before income tax			<u>2,581,005</u>	<u>2,557,371</u>
Income tax expense			(316,289)	(303,280)
Profit for the year, representing total comprehensive income for the year			<u><u>2,264,716</u></u>	<u><u>2,254,091</u></u>

<u>Segment assets</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>As at 30.06.16</u>	<u>As at 30.06.15</u>
	<u>S\$</u>	<u>S\$</u>
Security Solutions Business	10,567,565	8,744,129
Maintenance and Leasing Business	4,903,524	6,252,602
Total segment assets	<u>15,471,089</u>	<u>14,996,731</u>
Unallocated assets	5,284,691	5,163,164
Total consolidated assets	<u><u>20,755,780</u></u>	<u><u>20,159,895</u></u>
<u>Segment liabilities</u>		
Security Solutions Business	3,584,892	4,741,782
Maintenance and Leasing Business	512,852	1,558,631
Total segment liabilities	<u>4,097,744</u>	<u>6,300,413</u>
Unallocated liabilities	3,804,662	2,055,824
Total consolidated liabilities	<u><u>7,902,406</u></u>	<u><u>8,356,237</u></u>

<u>Other segment information</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>FY2016</u>	<u>FY2015</u>
	<u>S\$</u>	<u>S\$</u>
Depreciation		
Maintenance and Leasing Business	758,457	523,900
Unallocated	134,666	89,211
	<u>893,123</u>	<u>613,111</u>
Additions to plant and equipment		
Maintenance and Leasing Business	-	3,527,760
Unallocated	615,974	155,067
	<u>615,974</u>	<u>3,682,827</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>FY2016</u>	<u>FY2015</u>	<u>As at 30.06.16</u>	<u>As at 30.06.15</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Singapore	6,080,606	6,017,609	4,590,913	4,803,771
Indochina ⁽¹⁾	486,913	2,626,099	-	-
Rest of Southeast Asia ⁽²⁾	6,197,405	7,020,572	196,229	1,340,342
	<u>12,764,924</u>	<u>15,664,280</u>	<u>4,787,142</u>	<u>6,144,113</u>

⁽¹⁾ Includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

⁽²⁾ Includes Malaysia, Brunei, Indonesia, Philippines, Timor Leste, China, Hong Kong and Korea.

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		% change
	FY2016 S\$	FY2015 S\$	
Revenue - First Half Year	6,963,162	5,777,286	20.5
Revenue - Second Half Year	5,801,762	9,886,994	(41.3)
Revenue - Total	<u>12,764,924</u>	<u>15,664,280</u>	(18.5)
Profit after tax - First Half Year	1,001,732	910,528	10.0
Profit after tax - Second Half year	1,262,984	1,343,563	(6.0)
Profit after tax - Total	<u>2,264,716</u>	<u>2,254,091</u>	0.5

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

	FY2016 S\$	FY2015 S\$
Ordinary	-	(1) 2,430,000 (2)
Preference	-	-
Total	<u>-</u>	<u>2,430,000</u>

(1) This excludes the proposed final ordinary dividend of 0.25 cents per ordinary share in respect of FY2016 which is subject to Shareholders' approval at the forthcoming AGM to be convened.

(2) This relates to the interim and final ordinary dividends declared in respect of FY2015 of which S\$1,215,000 was paid in FY2015 and S\$1,215,000 was paid in FY2016.

18. Use of Placement Proceeds

The net proceeds from the Placement of approximately S\$2.5 million (the "Net Proceeds") have been utilised as follows:-

(S\$'000)	Allocation of Net Proceeds	Reallocation of the use of Net Proceeds	Net Proceeds utilised as at the date of this announcement	Balance of Net Proceeds as at the date of this announcement
To develop the new Secured Virtual Healthcare Systems and Solution ⁽¹⁾ business as well as for capital expenditure on service centre facilities relating to the Hyperspike AHD ⁽¹⁾ business	1,689	(1,689)	-	-
Working capital	800	1,689	(1,500)	989
Net Proceeds	2,489	-	(1,500)	989

⁽¹⁾ As defined in the Company's announcement dated 26 September 2014.

The board of directors of the Company ("Board" or "Directors") wishes to inform shareholders that of the S\$1.7 million of the Net Proceeds initially allocated to develop the new Secured Virtual Healthcare Systems and Solution¹ business as well as for capital expenditure on service centre facilities relating to the Hyperspike AHD¹ business, it considers it to be in the best interests of the Company and its shareholders to reallocate S\$1.7 million for working capital purposes, as the implementation plans for the new Secured Virtual Healthcare Systems and Solution¹ business and the Hyperspike AHD¹ business had been extended due to further trial developments and in the meanwhile, the Group has identified other more immediate business activities for which the Net Proceeds would be better utilised.

Please refer to the Company's announcement dated 26 September 2014 for further details on the Placement and the use of Net Proceeds.

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.

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

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

By Order of the Board

Kelvin Lim Ching Song
Executive Director and Chief Executive Officer
22 August 2016



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Media Release

IPS Securex records net profit of S\$2.3 million for FY2016

SINGAPORE, 22 August 2016 – 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 year ended 30 June 2016 (“FY2016”) of S\$2.3 million was a 0.5% increase from the year ended 30 June 2015 (“FY2015”).

Commenting on the FY2016 results, Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex said: ***“Our FY2016 financial results were impacted by the delay in delivery of certain orders to regional governments and their agencies. However, we believe that security is still of primary concern for many countries in the Asia Pacific and that will continue to bode well for our Security Solutions Business.”***

FY2016 Financial Highlights

In S\$'million unless otherwise stated	FY2016	FY2015	% Change
Revenue	12.76	15.66	(18.5)
Gross profit	6.03	6.46	(6.6)
Profit before income tax	2.58	2.56	0.9
Net profit	2.26	2.25	0.5

The Group’s FY2016 revenue decreased by 18.5% to S\$12.76 million, with its Security Solutions Business and the Maintenance and Leasing Business recording revenue decreases of approximately S\$2.5 million and S\$0.4 million respectively.

The decrease in revenue for the Group's Security Solutions Business was mainly due to the decrease in the sale of Acoustic Hailing Systems to customers in Indochina¹ and the decreased demand for security solutions products by customers in the Rest of Southeast Asia² and Singapore in aggregate of S\$8.3 million. This was partially offset by an increase in the sale of Acoustic Hailing Systems to customers in the Rest of Southeast Asia, as well as the increase in demand for integrated security solutions in Singapore and Indochina in aggregate of S\$5.8 million

As announced by the Company on 18 May 2016, the Group had also received two POs for Acoustic Hailing Systems, with a total contract value of US\$2.93 million, of which one PO amounting to a contract value of US\$510,000 had been recognized in FY2016, while the delivery for the other PO amounting to a contract value of US\$2.42 million had been delayed. This had also contributed to the lower revenue in FY2016 from the Security Solutions Business.

The decrease in revenue for the Group's Maintenance and Leasing Business was mainly due to the absence in FY2016 of consultancy fees for the design of an airport security product and fees earned for the provision of ad-hoc maintenance support services to a customer in Singapore. This was partially offset by an increase in fees from the provision of ad-hoc maintenance support services to customers in the Rest of Southeast Asia, Singapore and Indochina and by an increase in fees from the lease and maintenance contracts entered into with HDB in October 2014, which started to generate lease income in January 2015.

Other operating income increased by approximately S\$1.4 million from S\$551,000 in FY2015 to S\$2.0 million in FY2016. This was mainly due to a credit note received from a supplier for S\$1.5 million in relation to trade payables due to the supplier for a previous contract to provide security products and solutions to a customer and was partially offset by the absence in FY2016

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

² "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines, Timor Leste, China, Hong Kong and Korea

of a reversal of allowance for inventory obsolescence of S\$99,000 recorded in FY2015 from the sale of security products which were previously fully written down.

Administrative expenses increased by 17.1% to S\$5.1 million in FY2016 from S\$4.4 million in FY2015, mainly attributable to directors' and employees' remuneration and benefit expenses of S\$0.6 million mainly due to annual salary increments and the increase in headcount for the newly acquired Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte. Ltd., and professional fees related to the acquisition.

Overall, the Group's net profit remained relatively stable at S\$2.3 million for FY2016 and FY2015, respectively.

Healthy Financial Position

As at 30 June 2016, the Group had net assets of approximately S\$12.9 million, compared to S\$11.8 million as at 30 June 2015. Cash and cash equivalents as at 30 June 2016 stood at S\$3.9 million as compared to S\$4.8 million as at 30 June 2015. Net asset value per share³ grew from 2.4 Singapore cents as at 30 June 2015 to 2.6 Singapore cents as at 30 June 2016.

Looking Ahead

To date, according to the Global Terrorism Database by the National Consortium for the Study of Terrorism and Responses to Terrorism ("START"), there has been more than 150,000 cases of transnational and international terrorist incidents from 1970 to 2015⁴. In the Asia Pacific, the threat of terrorism remains very real, especially in relation to Islamic State in Iraq and Syria ("ISIS"). Recent terrorist-related events in the region are a timely reminder of this threat. According to Homeland Security Research Corp. ("HSRC")⁵, the Asia-Pacific Homeland Security

³ For comparative purposes, net asset value per ordinary share as at 30 June 2016 and 30 June 2015 has been computed based on the share capital of 486,000,000 shares.

⁴ The Global Terrorism Database is an open-source database including information on terrorist events around the world from 1970 through 2015 (with additional annual updates planned for the future).

Link: <http://www.start.umd.edu/gtd/>

⁵ Homeland Security Research Corp. ("HSRC") is an international market and technology research firm specializing in the Homeland Security (HLS) & Public Safety (PS) industry.

("HLS") & Public Safety ("PS")⁶ market is forecasted to grow at a double-digit Compound Annual Growth Rate ("CAGR") throughout the 2015-2022 period.

The increasing frequency of terrorism globally and in the Asia Pacific, coupled with continued concerns about general security, are factors that will compel more governments and organisations to look for preventive security monitoring and control measures, which the Group believes will continue to propel the demand for its security products and integrated security solutions. To better serve its customers, the Group will continue to acquire and develop innovative security products and solutions to keep ahead of today's rapidly changing security challenges.

"We have been integrating the operations of Yatai Security & Communications Pte. Ltd. and AVAC Systems Pte. Ltd. which we had acquired in April 2016 into that of the Group. As a result, we believe that we are now bigger and stronger, and this would put us in a better position moving forward", Mr Lim added.

Barring any unforeseen circumstances, the Group remains positive about the business outlook for FY2017.

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)

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.

Link: <http://homelandsecurityresearch.com>

⁶ Includes aviation, borders, maritime, and perimeter security, along with critical infrastructure security, land transportation security, cyber security, Chemical, Biological, Radiological and Nuclear Defense ("CBRNE Defense") mitigation systems and police modernisation.

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, its distribution rights for some of its products span 10 countries in Asia Pacific, including Singapore, Cambodia, Brunei, Vietnam, Indonesia, Malaysia, Thailand, Myanmar, Philippines, Laos, China (including 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).

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

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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.

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