

Financial Statements and Related Announcement::First Quarter 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	30/09/2017
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IPS SECUREX HOLDINGS LIMITED
 (Company Registration No.:201327639H)
 (Incorporated in the Republic of Singapore)

Unaudited First Quarter And Three-Month Financial Statements And Dividend Announcement For The Financial Period Ended 30 September 2017

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 Singapore Exchange Securities Trading Limited ("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 person for the Sponsor is Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.

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

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

	Group Unaudited		
	1Q-2018 ⁽¹⁾ S\$	1Q-2017 ⁽²⁾ S\$	Increase/ (Decrease) % change
Revenue	2,317,722	1,697,866	36.5
Cost of sales	(1,351,013)	(862,077)	56.7
Gross profit	966,709	835,789	15.7
Other income	100,121	35,624	181.0
Finance income	4,899	92,807	(94.7)
Administrative expenses	(1,338,442)	(1,492,761)	(10.3)
Other operating expenses	(3,692)	(13,099)	(71.8)
Finance costs	(40,729)	(14,312)	184.6
Loss before tax	(311,134)	(555,952)	(44.0)
Tax income	91,243	101,853	(10.4)
Loss for the period, representing total comprehensive loss for the period	(219,891)	(454,099)	(51.6)

NM denotes not meaningful.

(1) "1Q-2018" refers to the first quarter ended 30 September 2017.

(2) "1Q-2017" refers to the first quarter ended 30 September 2016.

The loss for the period includes the following (charges)/credits:

	Group Unaudited		
	1Q-2018 S\$	1Q-2017 S\$	Increase/ (Decrease) % change
After charging:			
Depreciation of plant and equipment	(262,378)	(260,658)	0.7
Plant and equipment written off	-	(9,159)	NM
Interest expense	(9,956)	(14,312)	(30.4)
Foreign exchange loss	(30,773)	-	NM
Finance costs	(40,729)	(14,312)	184.6
and crediting:			
Miscellaneous income	32,373	22,658	42.9
Bad debts recovered	30,000	-	NM
Rental income	-	6,649	NM
Government grant income	37,748	6,317	497.6
Other income	100,121	35,624	181.0
Foreign exchange gain	-	85,512	NM
Interest income	4,899	7,295	(32.8)
Finance income	4,899	92,807	(94.7)

NM denotes not meaningful.

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

	Group		Company	
	Unaudited As at 30.09.2017 S\$	Audited As at 30.06.2017 S\$	Unaudited As at 30.09.2017 S\$	Audited As at 30.06.2017 S\$
ASSETS				
Current assets				
Cash and cash equivalents	3,351,202	4,905,677	550,513	946,353
Trade and other receivables	4,224,586	3,722,198	2,813,821	2,463,217
Loans to subsidiary corporation	-	-	2,168,400	2,968,400
Inventories	1,150,288	862,578	-	-
Total current assets	8,726,076	9,490,453	5,532,734	6,377,970
Non-current assets				
Investment in subsidiary corporations	-	-	4,821,199	4,821,199
Plant and equipment	3,882,466	4,138,365	-	-
Other investments	6,000	6,000	-	-
Deferred tax assets	128,956	39,775	-	-
Trade and other receivables	194,269	195,850	-	-
	4,211,691	4,379,990	4,821,199	4,821,199
Total assets	12,937,767	13,870,443	10,353,933	11,199,169
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	2,818,349	3,167,765	211,562	838,863
Finance lease	36,536	91,478	-	-
Bank borrowings	780,171	903,260	471,840	469,928
Income tax payable	90,586	93,216	-	-
Total current liabilities	3,725,642	4,255,719	683,402	1,308,791
Non-current liabilities				
Bank borrowings	298,192	387,009	298,192	387,009
Finance lease	84,422	88,960	-	-
	382,614	475,969	298,192	387,009
Capital and reserves				
Share capital	9,405,906	9,405,906	9,405,906	9,405,906
Treasury shares	(89,353)	-	(89,353)	-
Capital reserves	(589,999)	(589,999)	210,000	210,000
Accumulated profit/(losses)	102,957	322,848	(154,214)	(112,537)
	8,829,511	9,138,755	9,372,339	9,503,369
Total liabilities and equity	12,937,767	13,870,443	10,353,933	11,199,169

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

Group	As at			
	30.09.2017		30.06.2017	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand	816,707	-	994,738	-
Amount repayable after one year	382,614	-	475,969	-
	<u>1,199,321</u>	<u>-</u>	<u>1,470,707</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	
	1Q-2018	1Q-2017
	S\$	S\$
Operating activities		
Loss before tax	(311,134)	(555,952)
Adjustments for:		
Interest income	(4,899)	(7,295)
Interest expense	9,956	14,312
Depreciation of plant and equipment	262,378	260,658
Plant and equipment written off	-	9,159
Net foreign exchange loss/(gain)	84,020	(73,464)
Operating cash flows before working capital changes	40,321	(352,582)
Trade and other receivables	(595,744)	2,144,247
Inventories	(287,710)	(214,121)
Trade and other payables	52,596	(1,227,380)
Cash (used in)/generated from operations	(790,537)	350,164
Income tax paid	(568)	(26,617)
Interest received	3,787	6,947
Net cash (used in)/from operating activities	(787,318)	330,494
Investing activities		
Purchase of plant and equipment	(6,479)	(78,093)
Acquisition of subsidiaries, net of cash acquired	(373,200)	(373,200)
Net cash used in investing activities	(379,679)	(451,293)
Financing activities		
Interests paid	(10,504)	(14,079)
Repurchase of own shares	(89,353)	-
Proceeds from bank borrowings	-	480,400
Repayments of bank borrowings	(211,906)	(255,909)
Repayment of finance leases	(59,480)	(53,581)
Net cash (used in)/from financing activities	(371,243)	156,831
Net (decrease)/increase in cash and cash equivalents	(1,538,240)	36,032
Effect of exchange rate changes on the balance of cash held in foreign currencies	(16,235)	16,361
Cash and cash equivalents at beginning of the period	4,887,677	3,914,031
Cash and cash equivalents at end of the period	3,333,202	3,966,424

Cash and cash equivalents in the Group's cash flow statements comprise the following:

Cash at bank and on hand	3,333,202	3,966,424
Restricted cash	18,000	-
Cash and cash equivalent at end of the period	3,351,202	3,966,424

⁽¹⁾ Amount disclosed under trade and other payables for financial statements and dividend announcement dated 8 February 2017 for the half year ended 31 December 2016.

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

Statement of changes in equity

S\$	Share capital	Treasury shares	Capital reserves	Accumulated profit/(losses)	Total
Group					
Balance at 1 July 2017	9,405,906	-	(589,999)	322,848	9,138,755
Transactions with owners, recognised directly in equity					
Purchase of own shares	-	(89,353)	-	-	(89,353)
Total comprehensive income for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(219,891)	(219,891)
Balance at 30 September 2017	9,405,906	(89,353)	(589,999)	102,957	8,829,511
Balance at 1 July 2016	9,405,906	-	(589,999)	4,037,467	12,853,374
Total comprehensive income for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(454,099)	(454,099)
Balance at 30 September 2016	9,405,906	-	(589,999)	3,583,368	12,399,275
Company					
Balance at 1 July 2017	9,405,906	-	210,000	(112,537)	9,503,369
Transactions with owners, recognised directly in equity					
Purchase of own shares	-	(89,353)	-	-	(89,353)
Total comprehensive income for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(41,677)	(41,677)
Balance at 30 September 2017	9,405,906	(89,353)	210,000	(154,214)	9,372,339
Balance at 1 July 2016	9,405,906	-	210,000	1,392,734	11,008,640
Total comprehensive income for the period					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(71,812)	(71,812)
Balance at 30 September 2016	9,405,906	-	210,000	1,320,922	10,936,828

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

	Number of shares	Issued and paid-up share capital (S\$)
As at 30 June 2017	486,000,000	9,405,906
Purchase of treasury shares	<u>(1,155,900)</u>	<u>(89,353)</u>
As at 30 September 2017	<u>484,844,100</u>	<u>9,316,553</u>

The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 30 September 2017 and 30 September 2016 is 0.24% and nil, respectively.

There were no outstanding convertibles or subsidiary holdings as at 30 June 2017 and 30 September 2017.

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

	As at	
	30.09.2017	30.06.2017
Total number of issued shares excluding treasury shares and subsidiary holdings	<u>484,844,100</u>	<u>486,000,000</u>

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

During the period from 1 July 2017 to 30 September 2017, the Company purchased 1,155,900 shares as treasury shares. The treasury shares balance as at 30 September 2017 was 1,155,900.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for 1Q-2018 as its most recently audited financial statements for the financial year ended 30 June ("FY") 2017.

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 interpretations is assessed to have no material impact on the results of the Group and of the Company for the three-month period ended 30 September 2017.

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

	Group Unaudited	
	1Q-2018	1Q-2017
Earnings per ordinary share ("EPS")		
Loss attributable to owners of the Company (S\$)	(219,891)	(454,099)
Weighted average number of ordinary shares ⁽¹⁾	<u>485,464,936</u>	<u>486,000,000</u>
EPS - Basic and diluted (cents) ⁽²⁾	<u>(0.05)</u>	<u>(0.09)</u>

⁽¹⁾ During the period from 1 July 2017 to 30 September 2017, the Company purchased 1,155,900 shares as treasury shares with the resultant that the number of issued shares was reduced from 486,000,000 shares as at 1 July 2017 to 484,844,100 shares as at 30 September 2017. The weighted average number of shares of the Company for 1Q2018 has been computed using the share capital as at 1 July 2017 as adjusted by the share purchases of 1,155,900 shares and as weighted over 1Q2018 during which time such shares were outstanding, in arriving at the weighted average of 485,464,936 shares.

⁽²⁾ The basic and diluted earnings per share were the same as there were no potentially dilutive instruments as at 30 September 2017 and 30 September 2016.

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	Audited	Unaudited	Audited
	As at 30.09.2017	As at 30.06.2017	As at 30.09.2017	As at 30.06.2017
Net asset value per ordinary share based on the number of shares in issue at end of period/year (cents)	<u>1.8</u>	<u>1.9</u>	<u>1.9</u>	<u>2.0</u>

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

Review of the Group's performance

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

Revenue

The Group's revenue increased by approximately S\$620,000 or 36.5% from S\$1.7 million in 1Q-2017 to S\$2.3 million in 1Q-2018.

Revenue from the Security Solutions Business increased by approximately S\$381,000 or 94.3% from S\$404,000 in 1Q-2017 to S\$785,000 in 1Q-2018.

This was mainly attributable to an increase in the sales of security products to customers in the Rest of Southeast Asia⁽¹⁾ and Indochina⁽²⁾ of S\$504,000, partially offset by the decrease in demand for integrated security solutions in Singapore of S\$124,000.

Revenue from the Maintenance and Leasing Business increased by approximately S\$239,000 or 18.4% from S\$1.3 million in 1Q-2017 to S\$1.5 million in 1Q-2018.

This was mainly attributable to the increase in fees earned from the provision of maintenance support services to customers in Singapore.

Cost of sales

Cost of sales increased by approximately S\$489,000 or 56.7% from S\$862,000 in 1Q-2017 to S\$1.4 million in 1Q-2018. This was mainly due to:-

- (a) an increase in direct costs primarily attributable to the increase in demand in the sales of security products to customers in the Rest of Southeast Asia⁽¹⁾ and Indochina⁽²⁾ and
- (b) a higher proportion of integrated security solutions undertaken by the Group, which have a higher cost base relative to revenue.

Gross profit

Gross profit increased by approximately S\$131,000 or 15.7% from S\$836,000 in 1Q-2017 to S\$967,000 in 1Q-2018 due to the factors discussed above. Traditionally, integrated security solutions undertaken by the Group enjoyed lower gross profit margins than the sale of security products and the provision of maintenance and leasing services.

Other income

Other income increased by approximately S\$64,000 or 181.0% from S\$36,000 in 1Q-2017 to S\$100,000 in 1Q-2018. The increase was mainly due to bad debts written back of S\$30,000 and an increase in government grants income received of S\$32,000 under the Productivity and Innovations Credit Scheme.

Finance income

Finance income decreased by approximately S\$88,000 or 94.7% from S\$93,000 in 1Q-2017 to S\$5,000 in 1Q-2018. The decrease was mainly due to the absence in 1Q-2018 of foreign exchange gains of S\$86,000 recognized in 1Q-2017 arising from the appreciation of trade receivables denominated in United States dollar against the Singapore dollar.

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

⁽²⁾ "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

Administrative expenses

Administrative expenses decreased by approximately S\$154,000 or 10.3% from S\$1.5 million in 1Q-2017 to S\$1.3 million in 1Q-2018. This was mainly attributable to the decrease in:-

- a) employees' remuneration and benefit expenses of S\$87,000 mainly due to lower staff bonuses accrued in 1Q-2018 arising from the losses incurred by the Group during the period;
- b) professional fees of S\$16,000, and distribution and marketing expenses of S\$40,000 due to more favorable arrangement negotiated by the Group.

Other operating expenses

Other operating expenses decreased by approximately S\$9,000 or 71.8% from S\$13,000 in 1Q-2017 to S\$4,000 in 1Q-2018. This was mainly attributable to plant and equipment written off due to obsolescence.

Finance costs

Finance costs increased by approximately S\$26,000 or 184.6% from S\$14,000 in 1Q-2017 to S\$41,000 in 1Q-2018. This was mainly due to a foreign exchange loss of S\$31,000 attributable to the weakening of the United States dollar in which the Group's sales were denominated in against the Singapore dollar.

Tax income

In 1Q-2017 and 1Q-2018, the Group recorded a tax income of S\$91,000 and S\$102,000 mainly due to unutilized tax losses carried forward in 1Q-2017 and 1Q-2018 respectively.

Review of the Group's financial position

Current assets

Current assets decreased by approximately S\$764,000 from S\$9.5 million as at 30 June 2017 to S\$8.7 million as at 30 September 2017. The decrease in current assets was mainly due to:-

- a) a decrease in cash and cash equivalents of S\$1.6 million,

partially offset by:-

- a) an increase in trade and other receivables of S\$502,000 mainly due to an increase in amount due from our contract customers of S\$138,000 for our integrated security solutions and an increase in deferred expenditure of S\$354,000 pertaining to sub-contracting costs prepaid for maintenance support services; and
- b) an increase in inventories of S\$288,000 due to an increase in purchase of parts and components.

Non-current assets

Non-current assets decreased by approximately S\$168,000 from S\$4.4 million as at 30 June 2017 to S\$4.2 million as at 30 September 2017. The decrease in non-current assets was due to the net decrease in plant and equipment of S\$256,000 primarily attributable to depreciation charges, partially offset by an increase in deferred tax assets of S\$89,000.

Current liabilities

Current liabilities decreased by approximately S\$530,000 from S\$4.3 million as at 30 June 2017 to S\$3.7 million as at 30 September 2017. The decrease in current liabilities was mainly due to a decrease in trade and other payables of S\$349,000 arising from payments made in 1Q-2018 to the vendors in relation to the acquisition of Yatai Security & Communications Pte. Ltd. and Avac Systems Pte. Ltd. which was completed on 1 April 2016 (the "Acquisition") amounting to S\$373,000 and a reduction in bank borrowings of S\$123,000.

Non-current liabilities

Non-current liabilities decreased by approximately S\$93,000 from S\$476,000 as at 30 June 2017 to S\$383,000 as at 30 September 2017. This was mainly due to a reduction in bank borrowings of S\$89,000.

Capital and reserves

Capital and reserves decreased by approximately S\$309,000 from S\$9.1 million as at 30 June 2017 to S\$8.8 million as at 30 September 2017. This was mainly due to the Group's loss for 1Q-2018 of S\$220,000 and the cost of treasury shares of S\$89,000.

Review of the Group's cashflows

Net cash used in operating activities

In 1Q-2018, the net cash used in operating activities was approximately S\$787,000, which consisted primarily of operating cashflows before working capital changes of S\$40,000, net working capital outflow of S\$831,000 and interest received of S\$4,000.

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

- a) an increase in trade and other receivables of S\$596,000 mainly due to an increase in amount due from our contract customers of S\$138,000 for our integrated security solutions and an increase in deferred expenditure of S\$354,000 pertaining to sub-contracting costs prepaid for maintenance support services;
- b) an increase in inventories of S\$288,000 due to an increase in purchase of parts and components; and
- c) an increase in trade and other payables of S\$53,000 due to suppliers which had remained outstanding as at 30 September 2017.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$380,000 in 1Q-2018 which was mainly due to payments made in July 2017 to the vendors in relation to the Acquisition amounting to S\$373,000 and purchase of computer equipment of S\$6,000.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$371,000 in 1Q-2018 which was mainly due to net repayment of bank borrowings and finance leases in aggregate of S\$271,000, and repurchase of company shares of S\$89,000 and interest paid of S\$11,000.

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.

According to the Aon Risk Maps for Political Risk, Terrorism and Political Violence 2017 report.^[1], governments today have to deal with the evolution of active groups, potential targets and types of terrorist attacks, which present a complex spectrum of risks and impact that shows little signs of abating.

With persistent threats and continued security concerns in the Asia-Pacific region, the Group believes that the need for countries to stay vigilant would imply that governments would have to continue to purchase, upgrade and replace existing security equipment and systems which in turn will provide demand for the Group's security products and integrated security systems in the longer term.

The Group will continue to actively market its range of security products and integrated security solutions to meet the security needs of its customers in the Asia Pacific region while continuing to engage in cost management measures.

However, customers making adjustments to their budgets due to their internal priorities and procurement cycles for different equipment and solutions may result in unexpected delays and/or requirements in the procurement process and, hence, may affect the placement of purchase orders with the Group. Further, new security products and solutions introduced by the Group would need a certain level of time period to penetrate the market in terms of customer education and needs.

11. Dividend

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

No.

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 1Q-2018.

¹ Aon Risk Maps for Political Risk, Terrorism and Political Violence 2017. Link: <http://www.aon.com/2017-political-risk-terrorism-and-political-violence-maps/pdfs/2017-Aon-Risk-Maps-Report.pdf>

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

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

	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules)	
	1Q-2018	1Q-2017
	S\$	S\$
<u>Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense)</u>		
<u>by:-</u>		
IPS Realty Pte Ltd	(54,000)	(54,707)
IPS Group Pte. Ltd.	(14,748)	(14,748)

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

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

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

The board of Directors (the “Board”) hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board, which may render the unaudited financial statements of the Group for 1Q-2018 to be false or misleading in any material aspect.

By Order of the Board

Kelvin Lim Ching Song
Executive Director and Group Chief Executive Officer
7 November 2017



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Media Release

IPS Securex's revenue rose 36.5% to S\$2.3 million in 1Q2018

- Revenue from Security Solutions Business increased by 94.3% to S\$785,000 while Maintenance and Leasing Business increased by 18.4% to S\$1.5 million in 1Q2018

SINGAPORE, 7 November 2017 – IPS Securex Holdings Limited (“IPS Securex” or the “Company” and, together with its subsidiaries, the “Group”), a leading provider of security products and integrated security solutions with an established regional presence in the Asia Pacific, is pleased to announce its consolidated financial results for the first quarter ended 30 September 2017 (“1Q2018”).

1Q2018 Financial Highlights

In S\$'million unless otherwise stated	First quarter ended 30 Sep 2017	First quarter ended 30 Sep 2016	Change (%)
Revenue	2.3	1.7	36.5
Gross profit	0.97	0.84	15.7
Gross profit margin	41.7%	49.2%	(7.5)
Loss before tax	(0.31)	(0.56)	(44.0)
Net loss	(0.22)	(0.45)	(51.6)

Commenting on the 1Q2018 results, Mr Kelvin Lim (林青宋), Executive Director and Group Chief Executive Officer of IPS Securex said, ***“We are happy to see both the Security Solutions Business and Maintenance and Leasing Business segments growing on a year-on-year basis. We will continue to work hard on the marketing of our range of security products and***

integrated security solutions during this challenging time while continuing to manage our expenses.”

The Group’s 1Q2018 revenue increased by approximately 36.5% to S\$2.3 million from S\$1.7 million in the first quarter ended 30 September 2016 (“**1Q2017**”). Both the Security Solutions Business and the Maintenance and Leasing Business recorded revenue gains.

The revenue for the Group’s Security Solutions Business grew approximately 94.3% from S\$404,000 in 1Q2017 to S\$785,000 in 1Q2018, and this was mainly attributable to the increase in the sales of security products to customers in the Rest of Southeast Asia¹ and in Indochina², which was partially offset by a decrease in demand for integrated security solutions in Singapore for the period under review.

The Group’s Maintenance and Leasing Business’ revenue increased by approximately 18.4% from S\$1.3 million in 1Q2017 to S\$1.5 million in 1Q2018. This was mainly attributable to the increase in the fees earned from the provision of maintenance support services to customers in Singapore.

On the back of the increase in Group revenue, gross profit increased by approximately 15.7% from S\$836,000 in 1Q2017 to S\$967,000 in 1Q2018.

Other income increased by approximately 181.0% from S\$36,000 in 1Q2017 to S\$100,000 in 1Q2018 and the increase was mainly attributable to bad debts written back and an increase in government grants income received under the Productivity and Innovations Credit Scheme.

Administrative expenses decreased by approximately 10.3% from S\$1.5 million in 1Q2017 to S\$1.3 million in 1Q2018. This was mainly attributable to the decrease in employees’ remuneration and benefit expenses mainly due to lower staff bonuses accrued in 1Q2018 arising from the losses incurred by the Group during the period, and lower professional fees

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

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

and distribution and marketing expenses due to the Group's negotiation for more favorable arrangements.

Other operating expenses decreased by approximately 71.8% from S\$13,000 in 1Q2017 to S\$4,000 in 1Q2018 as plant and equipment were written off due to obsolescence.

Finance costs increased by approximately 184.6% from S\$14,000 in 1Q2017 to S\$41,000 in 1Q2018 mainly due to foreign exchange loss attributable to the weakening of the United States dollar in which the Group's sales were denominated against the Singapore dollar.

As a result of the above, the Group recorded an overall net loss of S\$0.22 million in 1Q2018, an approximate 51.6% decrease from S\$0.45 million in 1Q2017.

Financial Position

As at 30 September 2017, the Group had net assets of approximately S\$8.8 million, as compared to S\$9.1 million as at 30 June 2017. Cash and cash equivalents as at 30 September 2017 stood at approximately S\$3.4 million compared to approximately S\$4.9 million as at 30 June 2017.

Looking Ahead

Today, governments have to deal with the evolution of active groups, potential targets, and types of terrorist attacks and this presents a complex spectrum of risks and impact, with the situation showing little signs of abating, according to the Aon Risk Maps for Political Risk, Terrorism and Political Violence 2017 report³.

With persistent threats and continued security concerns in the Asia-Pacific region, the Group believes that for countries to stay vigilant, their governments would have to continue to purchase, upgrade and replace existing security equipment and systems. This in turn, will

³ Aon Risk Maps for Political Risk, Terrorism and Political Violence 2017. Link: <http://www.aon.com/2017-political-risk-terrorism-and-political-violence-maps/pdfs/2017-Aon-Risk-Maps-Report.pdf>

provide demand for the Group's security products and integrated security systems in the longer term. As such, the Group will continue to actively market its range of security products and integrated security solutions to meet the security needs of its customers in the Asia-Pacific region while managing costs.

However, as the Group's customers make adjustments to their budgets due to their internal priorities and procurement cycles for different equipment and solutions, unexpected delays and/or requirements in the procurement process may result and affect the placement of purchase orders with the Group. Furthermore, new security products and solutions introduced by the Group would need a certain level of time period to penetrate the market in terms of customer education and needs.

End.

Note to Media: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About IPS Securex Holdings Limited (www.ips-securex.com)

IPS Securex is one of Singapore's leading providers of security products and integrated security solutions to commercial entities and government bodies and agencies in the Asia Pacific.

Since 2000, it has been providing security products and integrated security solutions for various security requirements including checkpoint security, law enforcement and the protection and surveillance of buildings and critical infrastructure. It is a one-stop security solutions provider - from the supply of a broad range of security products, the design, installation, testing and commissioning of integrated security solutions, to the provision of maintenance support and leasing services to its customers. Carrying over 100 types of security products, the Group has distribution rights for some of its products spanning across 17 countries in the Asia-Pacific including Singapore, Cambodia, Brunei, Vietnam, Indonesia, Malaysia, Thailand, Myanmar, Philippines, Laos, China (Hong Kong and Macau), Australia, India, Sri Lanka, Japan, South Korea and Taiwan.

Over the years, IPS Securex has received several sales, business and branding awards and built an accomplished reputation in the security products and solutions industry. Some of its awards include the Enterprise 50 Award in 2009, the Singapore SME 500 Company Award in 2010, the Top 100 Singapore Excellence Award (Platinum) in 2013, the Asia Pacific Brands Award in 2014 and Singapore Corporate Award 2015 – Merit Award for Best Investor Relations (First-Year Listed Companies).

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*This media release has been prepared by IPS Securex Holdings Limited (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 media release, including the correctness of any of the statements or opinions made or reports contained in this media release.

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