SECURA
GROUP LIMITED

UNFOLDING
THE NEXT CHAPTER IN
SECURITY

Cybersecurity
Homeland Security
Mobile Forensics
Security Guarding
Security Printing
Security Consultancy
Systems Integration
Executive Protection
Event Security
Private Investigation

ANNUAL REPORT 2016

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This annual report has been prepared by 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 (**"SGX-ST"**). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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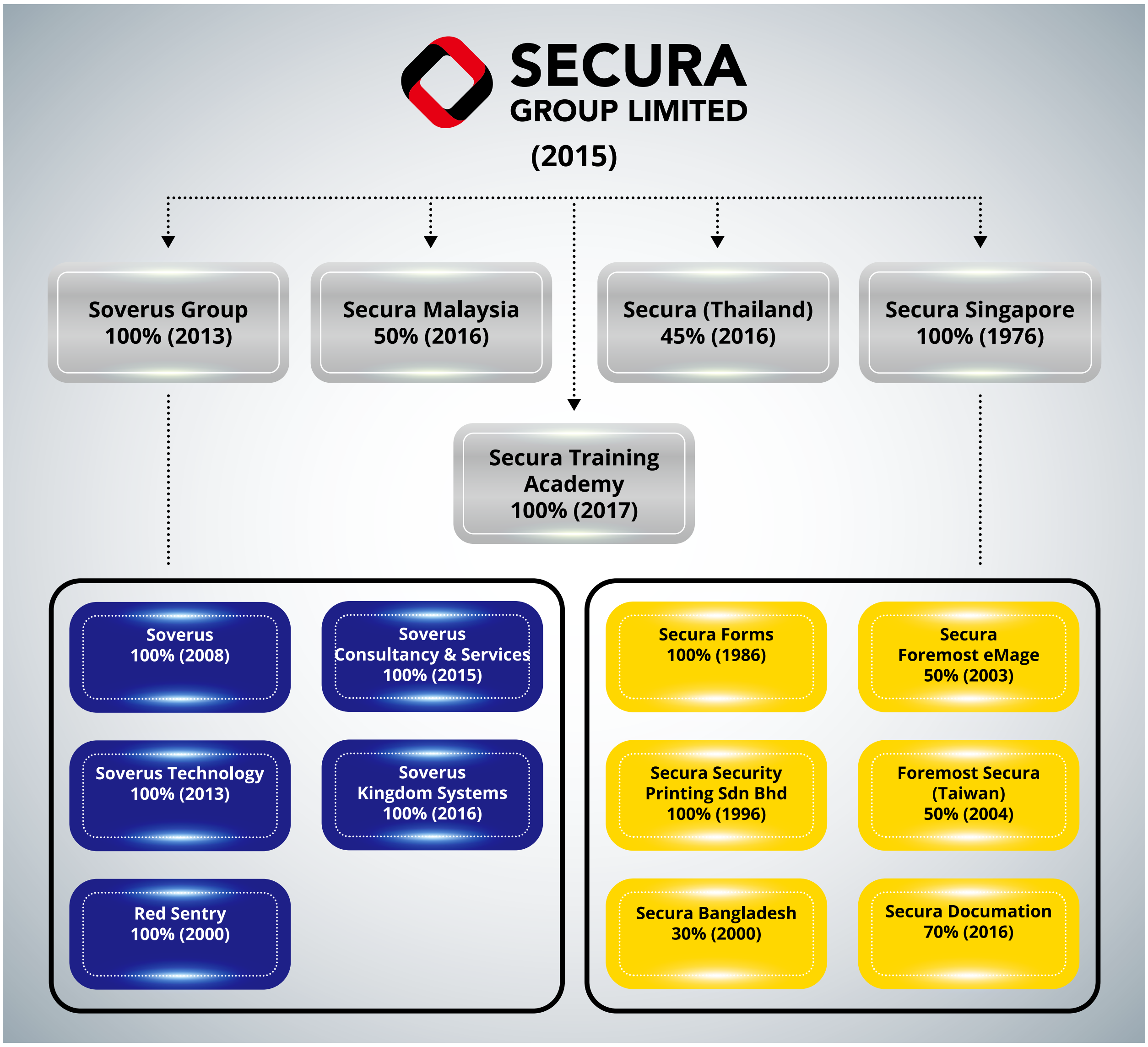
CORPORATE PROFILE & GROUP STRUCTURE

Secura Group Limited ("**Secura**" or "**Company**" and together with its subsidiaries, the "**Group**") is a leading provider of an integrated suite of security products, services and solutions. The Group was formed through a merger of Secura Singapore Pte. Ltd. and its subsidiaries ("**Secura group of companies**") and Soverus Group Pte. Ltd. and its subsidiaries ("**Soverus group of companies**").

The Secura group of companies has been providing security printing services since 1976 and owns one of the largest cheque printing businesses in Singapore. The Soverus group of companies provides security services including security guarding, cybersecurity, homeland security, mobile forensics, security consultancy and other security products and services.

As a security agency with an established track record, the Group has consistently been awarded the 'A' Grading (Excellent) by the Police Licensing & Regulatory Department annually since 2012. The Group has a well-diversified clientele comprising more than 900 customers in various industries, including multinational corporations, financial institutions and government agencies.

On 28 January 2016, the Group was listed on the Catalist Board of the SGX-ST.



OUR BUSINESS

SECURITY PRINTING

We have one of the largest cheque printing businesses in Singapore with 40 years of experience in providing security printing services of value documents with anti-counterfeit features. Our clientele includes major local and foreign banks in Singapore as well as Singapore statutory boards. Certified ISO 9001:2008 and ISO 27001:2013, our products include:

- Bank cheques and passbooks
- Carpark coupons
- Cash vouchers
- Educational certificates
- Machine-readable betting slips
- Marriage certificates
- Postage stamps
- Stationery

In 2016, we began offering security digital printing services, with solutions such as security data processing and laser printing services, eStatement and eArchiving services, as well as lettershopping and mail processing services.

SECURITY GUARDING

We are a premium security agency in Singapore providing unarmed manned security guarding services for commercial premises, data centres, embassies, hotels, schools, hospitals, government buildings, high value industrial premises and residential properties.

We have maintained an ‘A’ Grading (Excellent) by the Police Licensing & Regulatory Department for licensed security guard agencies annually since 2012.

To enhance the quality of our services, we have implemented several measures to motivate and equip our security guards with the right knowledge and technology. We own a proprietary visitor management system software which automates the data entry process for visitor registration. We also have a state-of-the-art 24-hour command centre using CCTVs and 3G streaming to supervise our security guards, as well as RFID (radio-frequency identification) technology to ensure that our security guards perform their patrols dutifully.

CYBERSECURITY

Started in January 2015, our cybersecurity business is engaged in the provision of cybersecurity consultancy, products and professional services, as well as the resale of our partners' cybersecurity products.

Our partners include the following leading IT security enterprises:

- IBM (SIEM, Mobile Device Management, Endpoint Management)
- Rapid7 (Vulnerability Threat Management)
- Checkmarx (Static Source Code Analysis)
- Bomgar (Secure Remote Access)
- MasterSam (Privilege Access Management & Compliance Audit)
- InfoExpress (Network Access Control)
- LogRhythm (SIEM)
- Skybox (Network Risk Analytic)
- Carbon Black (Endpoint Security)
- NetScout (Network Monitoring)

Through organic growth and the acquisition of Red Sentry Pte. Ltd. ("**Red Sentry"**), a leading cybersecurity solutions provider, our cybersecurity business has expanded rapidly in size and capability to include providing cybersecurity training courses for organisations. In collaboration with 2 leading institutions, we are also establishing a cybersecurity research and development laboratory to further extend our in-house innovation capabilities.

Our operations cover Singapore, Malaysia and Thailand.

HOMELAND SECURITY

We distribute state-of-the-art homeland security products for Morpho Detection, LLC, a US-based defence and security multinational company. The products we distribute include baggage and narcotics screening systems, and radiation detection devices. We are the appointed distributor for Morpho homeland security products in Singapore, Cambodia and Laos.

MOBILE FORENSICS

We are a preferred partner of Israel-based Cellebrite Asia Pacific Pte Ltd ("**Cellebrite**"), an award-winning global provider of mobile forensics products and services, in Singapore, Cambodia and Laos.

Cellebrite offers mobile device evidence extraction software and is one of the few companies in the world which has the capability to unlock, completely extract and decode the newer series of Apple iPhones and Android phones. The firm's advanced technologies have led its products to being used as the primary digital investigation and forensics tools for law enforcement and intelligence agencies in more than 100 countries around the world, including the United States of America, Canada, England, France, Germany, Japan, Australia, Singapore and Israel.

In addition to Cellebrite's product offerings, we also offer mobile forensics as a service to clients from the IT, security, enforcement, defence, telecommunications and banking sectors.

OTHER SECURITY SERVICES

- We offer a comprehensive suite of customised security systems solutions and services for the protection of individuals and companies, mainly in access control as well as surveillance and premises security.

- We also provide security consulting, risk assessment, tender management and project management services.

- Our team of highly-trained executive protection and events security officers are also engaged to secure the safety of wealthy individuals, celebrities, embassies and event management companies.

- We also undertake private investigation and professional surveillance services, including static, mobile and electronic surveillance, covering corporate investigation and business intelligence, intellectual property rights, pre-employment checks and employee fraud, amongst others.

CORPORATE DEVELOPMENTS

DECEMBER

Signed memorandum of understanding for a 20% stake in Custodio Technologies Pte Ltd (**"Custodio"**), which will conduct research and development of new cybersecurity solutions and capabilities focusing on cyber early warning technology. Custodio's ultimate shareholding company is Israel Aerospace Industries Ltd., a global leader in developing military and commercial aerospace technology and cyber solutions.

OCTOBER

Incorporated 70%-owned Secura Documation Pte. Ltd. (**"Secura Documation"**), to move into security digital printing services, including security data processing and laser printing services, eStatement and eArchiving services, as well as lettershopping and mail processing services.

Formed 45%-owned Secura (Thailand) Co., Ltd. (**"Secura (Thailand)"**) with local Thai partners to provide cybersecurity solutions and services in Thailand.

Entered into a collaboration with Republic Polytechnic, University of Glasgow and University of Glasgow Singapore to establish a cybersecurity research and development laboratory.

SEPTEMBER

Appointed by M1 Net Ltd as its Cyber Advisory and Consultancy Partner, to provide cybersecurity consultancy, products and services, including Vulnerability Assessment, Penetration Testing and Device Control to its corporate customers.

Made our first foray into People's Republic of China (**"PRC"**) by securing a security consultancy services contract for the iconic Raffles City Chongqing development, a project by one of Singapore's largest real estate developers with a construction floor area spanning 1.12 million square metres.

Partnered Singapore Business Federation to conduct the Cybersecurity Capabilities series of workshops for Singapore companies.

Formed 50%-owned Secura Malaysia Sdn Bhd, (**"Secura Malaysia"**) with Bursa-listed Willowglen MSC Berhad (**"Willowglen"**) to provide a suite of security products and services in Malaysia. Willowglen is a leading insdustry player in the SCADA (integrated supervisory control and data acquisition), security and IT market in Malaysia.

Secured a 2-year, S$7.9 million security services contract from Singapore Telecommunications Limited for the provision of unarmed security guarding and other security services.

Appointed preferred reseller by Israel-based Cellebrite, an award-winning global provider of mobile forensics products and services, in Singapore, Cambodia and Laos.

JULY

Acquired freehold 6-storey building at 38 Alexandra Terrace.

JUNE

Acquired Red Sentry, a leading cybersecurity solutions provider with a 16-year track record.

AWARDS, ACCOLADES AND CERTIFICATIONS

AWARDS & ACCOLADES

The listed awards and accolades apply to the Soverus group of companies.

2016

Singapore Enterprise 50 Awards
Ranked 17th

Merlion Security Awards
Silver Award Winner in SMRT Security Solutions Category

Midas Touch Asia Enterprise Awards 2015
Platinum Award winner

Fastest Growing 50 Companies in Singapore

NTUC May Day Awards 2015
Plaque of Commendation

360 Breakthrough Award
Titanium Award winner

Singapore SME 1000 Company
Ranked 662th

2015

Singapore SME 1000 Company
Emerging 2015

2014

Singapore Enterprise 50 Awards
Ranked 19th

2012

Singapore Prestige Brand Award
Winner for SPBA Most Promising Brands 2012

CERTIFICATIONS

ISO 9001:2008	Awarded to Secura Singapore Pte. Ltd.
ISO 9001:2015	Awarded to Soverus Pte. Ltd. and Soverus Kingdom Systems Pte. Ltd.
ISO 27001:2013	Awarded to Secura Singapore Pte. Ltd.
'A' Grading (Excellent) by the Police Licensing & Regulatory Department	Awarded to Soverus Pte. Ltd. and Soverus Consultancy & Services Pte. Ltd.
BizSafe Level 4	Awarded to Soverus Kingdom Systems Pte. Ltd.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the board of directors ("**Board" or "Directors**") of the Group, we are pleased to present our annual report for the financial year ended 31 December ("**FY**") 2016.

FY2016 marked our first year as a listed company, laying the foundation for the Group's next lap of growth. We invested in human capital by bolstering our staff strength and formalising corporate functions to meet the expected increase in business activities in 2017 and beyond. We chalked up several milestones throughout the year as we expanded into new business lines and market segments, while forging new partnerships to tap into opportunities in the regional markets.

The Group also begins a new chapter of its history with the consolidation of its operations at its new premises at 38 Alexandra Terrace. This 6-storey building houses our corporate headquarters as well as various business units, including a state-of-the-art integrated command centre and a new training academy. Being an integrated provider of security products, services and solutions, bringing all these operations under one roof will enhance operational synergies and efficiencies, and lead to lower operating costs.

New Business Initiatives in FY2016

In the year under review, we focused on building strategic inroads into several new business lines, with the aim of enlarging our security services portfolio and increasing the Group's sustainable earnings base.

Cybersecurity

In the area of cybersecurity, which is earmarked as one of our growth drivers, we have made significant strides in expanding our scale and capabilities. We acquired Red Sentry, a leading cybersecurity services provider with a 16-year track record, in June 2016 to fast-track our growth in this arena. We have since successfully integrated our existing cybersecurity services business with Red Sentry's to become one of Singapore's leading cybersecurity solutions providers. Through Red Sentry, we also formed an alliance with major telecommunications provider, M1 Net Ltd ("M1"), to provide cybersecurity consultancy, products and services to its corporate customers. Through this alliance, we hope to tap into M1's vast enterprise customer base, which will provide a growth springboard for our cybersecurity business.

Mobile Forensics

Another growth area we have identified and ventured into is the mobile forensics market, which in Asia Pacific is estimated to hit US$49 million[1] in 2020. To capture this market, we formed a partnership with the world's leading mobile forensics company, Israel-based Cellebrite to be their preferred reseller in Singapore, with secondary focus in Cambodia and Laos. We live in an age where mobile devices are ubiquitous and have become an integral part of our daily lives. This is especially so in Singapore where the mobile phone penetration rate is currently approximately 150%. Our partnership with Cellebrite provides an ideal platform for our entry into the mobile forensics market, not just in Singapore but also the region.

Training Academy

Another pillar of growth we hope to build is in the area of training, which we see a rising demand from the different security segments. Through the establishment of Secura Training Academy Pte. Ltd. in March 2017, we hope to extend our training capabilities by getting the Group to be formally accredited with SkillsFuture Singapore to be a Public and In-House Approved Training Organisation which will allow us to offer a wider range of courses to our staff and third-parties under the Workforce Skills Qualifications Competency Framework. These courses will cover areas such as security guarding, cybersecurity and security-related product training. With the government's push to restructure the economy by getting workers to retrain and deepen their skillsets to adapt to new industry needs or technological trends, we see tremendous business opportunities in this area.

Security printing

To stay ahead of market needs, our security printing business made its first step in a longer-term technological transition from traditional security printing into providing secured data solutions. Under our newly-incorporated subsidiary, Secura Documation, we will cater to the rising demand for electronic management of secured data with solutions like eStatements and eArchiving.

1 Estimate from MarketsandMarkets, a global market research and consulting company based in the U.S. It is the world's No. 2 in terms of premium market research studies published annually. Serving as a business intelligence partner to Fortune 500 companies across the world, it provides multi-client reports, company profiles, databases, and custom research services.

New geographical markets
We marked our first forays into 2 potentially lucrative markets for cybersecurity services – Malaysia and Thailand. In Malaysia, we formed Secura Malaysia with Bursa-listed Willowglen to tap into the Malaysian cybersecurity market, which is estimated to grow to RM8.8 billion by 2020[2].

Thailand presents strong market potential due to the lack of established cybersecurity service providers and increased country security risks. To pursue these opportunities, we formed Secura (Thailand) with local Thai partners, to provide cybersecurity solutions and services. Eventually we hope to bring our holistic security service offerings, including mobile forensics and analysis, security consultancy and systems integration to Thailand.

We also secured our first project in PRC to provide security consultancy services to Raffles City Chongqing, an iconic integrated development by Capitaland China, a subsidiary of CapitaLand Limited. This project provides Secura with an excellent entry point into the vast and growing PRC market for security services.

Financial Performance – Review and Outlook
As we build a strong corporate base to support the expansion plans we are pursuing, our profitability in FY2016 was affected, with net profit attributable to owners of the Company declining by 45% to S$1.0 million, from S$1.7 million in FY2015. During the year, we made several new management hires to prepare the Group for the next level of growth. This led to an increase in operating expenses but we are confident that the positive impact will outweigh the costs once the new business lines gain traction and economies of scale sets in.

We expect these expansion activities and new contract wins, many of which took place in the last quarter of 2016, and first quarter of 2017, to contribute positively to growth in 2017. Notably, we secured one of our largest contracts to-date with Singapore Telecommunications Limited to provide unarmed security guarding services under a 2-year S$7.9 million contract in September 2016. More recently, in January 2017, we were awarded a 3-year S$6.7 million security services contract by SBS Transit DTL Pte Ltd.

Of the new business initiatives, we are particularly excited about our new mobile forensics business stream which is generating strong interest from our customers.

Our newly established Secura Training Academy also stands to benefit from the Singapore Budget 2017 which has several initiatives to help workers deepen their skillsets and be ready for the future economy. In particular, training for cybersecurity professionals will be stepped up with the help of the Cyber Security Agency of Singapore. These measures are expected to present numerous benefits to the Group in terms of funding support and market opportunities.

Our other businesses — security guarding, cybersecurity, homeland security and security consultancy businesses — are expected to grow as governments and corporates increase investments to counter the threats of terrorism and cyber-attacks. In relation to this, the Singapore Ministry of Home Affairs introduced a series of amendments to the Public Order Act in March 2017 to beef up security measures in Singapore. New laws requiring businesses to adopt more comprehensive security measures will be introduced. Some of these measures include the deployment of more security officers for major events and a mandatory review of security requirements for new, large-scale commercial buildings at the design stage. In the security printing business segment, we expect demand to remain stable and for the business to continue to contribute to the Group's profitability.

Dividends
The Board is pleased to propose a first and final tax-exempt (one tier) cash dividend of 0.3 Singapore cents per share subject to shareholders' approval at the forthcoming annual general meeting ("**AGM**").

In Appreciation
The contribution of our stakeholders towards the various new developments this year has been immeasurable. To the management team and staff, thank you for your dedication and hard work.

We would also like to express our sincere gratitude to fellow Board members for their guidance and steadfast stewardship. To our business partners and suppliers, we value the relationships and synergies we have built, and we hope to continue working closely together. To our loyal customers, we thank you for your unwavering support through the years.

Finally, to our shareholders, thank you for your continued trust and confidence. We will continue to work towards delivering the best results for Secura.

Dr Ho Tat Kin
Chairman and Independent Director

Mr Paul Lim Choon Wui
Executive Director and Chief Executive Officer

2 Estimates from CyberSecurity Malaysia, the national cybersecurity specialist agency under Malaysia's Ministry of Science, Technology and Innovation (MOSTI).

OPERATIONS & FINANCIAL REVIEW

Overview

For FY2016, the Group reported net profit attributable to owners of the Company of S$1.0 million on revenue of S$36.2 million. For FY2015, the Group's net profit attributable to owners of the Company and revenue were S$1.7 million and S$20.5 million respectively.

The Group's results for FY2016 included the security printing business under Secura Singapore Pte. Ltd. and its subsidiaries (**"SSPL Group"**), which were acquired in January 2016. The Group's financial results in FY2015 comprised only the financial results of the Company and Soverus Group Pte. Ltd. and its subsidiaries (**"SGPL Group"**).

Income Statement

Revenue:
- Included revenue of S$11.6 million from security printing which was acquired in January 2016
- Security guarding rose 13% to S$21.3 million
- Cybersecurity almost tripled to S$1.7 million
- Homeland security, system integration and security consultancy improved by 39% to S$1.5 million

Other Operating Income:
- Decrease in government grants under the Wage Credit Scheme

Distribution and Selling Expenses:
- Increase of S$1.1 million and S$0.3 million due to the acquisition of the SSPL Group and Red Sentry respectively, relating to payroll cost and commission incurred by the sales and marketing department
- Amortisation of customer relationship arising from the fair valuation of the SSPL Group amounting to S$0.2 million

Administrative Expenses:
- Increase in staff costs to support expansion plans
- Continuing listing and related fees
- Professional fees for merger and acquisition activities
- Share option expense incurred under the Secura Employee Share Option Scheme

Shares of Results of Joint Ventures and Associate:
- Primarily due to the acquisition of the SSPL Group

S$'000	FY2016	FY2015	Δ (%)
Revenue	**36,150**	**20,522**	**76.2**
Cost of sales	(29,346)	(17,315)	69.5
Gross profit	**6,804**	**3,207**	**112.2**
Other operating income	1,907	3,201	(40.4)
Distribution and selling expenses	(1,727)	(128)	nm
Administrative expenses	(5,810)	(3,462)	67.8
Finance cost	(110)	(2)	nm
Listing expenses	(339)	(653)	(48.1)
Share of results of joint ventures and associate	273	-	nm
Profit before tax	**998**	**2,163**	**(53.9)**
Income tax expense	(78)	(440)	(82.3)
Profit net of tax	**920**	**1,723**	**(46.6)**

nm: not meaningful

Balance Sheet

Current Assets:
- Inventories rose to S$2.4 million due to the acquisition of the SSPL Group, and the increase in digital forensic inventory
- Cash and cash equivalents increased by S$17.9 million to S$19.8 million due to net IPO proceeds and net cash inflow from the acquisition of the SSPL Group. This was partially offset by the repayment of existing shareholder loan, payment of dividends and payment for the acquisition of Red Sentry and 38 Alexandra Terrace

Non-current Assets:
- Largely due to the increase in property, plant and equipment, customer relationship, investments in joint ventures and associates arising from the acquisition of the SSPL Group and 38 Alexandra Terrace
- Included S$2.5 million in goodwill on consolidation from the acquisition of SSPL Group and Red Sentry

Current Liabilities:
- Increase in trade payables, deferred revenue and accrued operating expenses arising from the acquisition of the SSPL Group and Red Sentry

Non-current Liabilities:
- Included loans and borrowings of S$11.4 million for the acquisition of 38 Alexandra Terrace

S$'000	As at 31 Dec 2016	As at 31 Dec 2015
Current assets	31,605	8,912
Non-current assets	37,060	651
Total assets	**68,665**	**9,563**
Current liabilities	8,814	6,401
Non-current liabilities	12,417	291
Total liabilities	**21,231**	**6,692**
Net assets	**47,434**	**2,871**
Share capital	61,644	-
Retained earnings	1,625	1,871
Reserve	(16,059)	1,000
Non-controlling interest	224	-
Total equity	**47,434**	**2,871**

Cash Flow

Net Cash from Operating Activities:
- Operating cash flow before working capital changes amounted to S$2.9 million
- Net cash generated from working capital was S$0.8 million due to decrease in receivables, increase in payables and accrued operating expense
- Partially offset by increase in inventories and prepaid operating expenses

Net Cash used in Investing Activities:
- Mainly due to the acquisition of 38 Alexandra Terrace and partially offset by net cash inflow from the acquisition of subsidiaries, proceeds from disposal of property, plant and equipment and dividend income from a joint venture

Net Cash from Financing Activities:
- Mainly due to S$26.7 million from IPO proceeds, and S$13.7 million from bank loan
- Partially offset by dividend payment and repayment of shareholder loan and bank loan of S$10.6 million

S$'000	FY2016	FY2015
Net cash flows from operating activities	3,579	1,743
Net cash flows used in investing activities	(15,755)	(189)
Net cash flows from/(used in) financing activities	30,069	(712)
Net increase in cash and cash equivalents	**17,893**	**842**
Cash and cash equivalents at beginning of year	**1,936**	**1,094**
Cash and cash equivalents at end of year	**19,829**	**1,936**


Secura Group & BNP Paribas

ChariTree


Soverus Bursary 2016

CORPORATE SOCIAL RESPONSIBILITY

We believe in building a strong and sustainable business that brings a positive impact to the lives of our employees, stakeholders and community at large. Therefore, we have made corporate social responsibility (CSR) an important tenet of our business. Whether it is giving the best to our employees or making a difference to the community that we are part of, we are committed to giving back and we will continue to uphold these values as our business grows from strength to strength.

Commitment to our Bursary Programme
Since 2012, we have been awarding bursaries twice yearly to the children of our employees, in particular our security officers. To date, we have given out bursaries totalling almost S$90,000 to 629 children of our employees. In 2016, we gave out bursaries to 216 children. Mr Chan Chun Sing, Secretary-General of the National Trades Union Congress, presented bursaries to 120 children at one of our award ceremonies as our Guest-Of-Honour.

Supporting our Staff
We provide our staff with insurance coverage as well as telecommunications and medical benefits. We also supply our security officers who have joined us for more than 6 months with free National Trade Union Congress (NTUC) membership. Monthly welfare packs containing biscuits and coffee are provided for all security officers as well, for them to consume at work or to bring home as they wish.

Collaborating with NUS Business School to Develop Best Practices
We received the top Titanium Award at the 360 Breakthrough Award 2016. Organised by Human Capital Singapore, the award recognises local enterprises for breakthroughs in their people practices and productivity. We collaborated with honours year students and professors from the NUS Business School on key human resource challenges faced by the security guarding industry to develop best practices.

Supporting the NTUC U Care Fund
The NTUC U Care Fund helps low-income union members in times of need and we continued to contribute to its fundraising efforts in 2016 with our donation at its annual Charity Fundraising dinner which raised a total of S$10.8 million.

Reaching out to Needy Families
We collaborated with BNP Paribas in their annual CSR event for the 4th consecutive year in 2016. On 10 December 2016, 32 staff from the Group gathered at Leng Kee Community Centre to pack more than 300 bags of household and food rations which were distributed to needy families in the Tanjong Pagar Group Representation Constituency.

Donating to the Community Chest and Singapore Red Cross
We sponsored a S$12,000 specially-constructed Christmas tree as part of the annual ChariTrees@ Marina Bay Christmas event. This event seeks to raise donations for the less fortunate through the Community Chest and Singapore Red Cross, and we were presented with a certificate of appreciation from Dr. Lily Neo, who was Guest-of-Honour of the light-up ceremony on 18 November 2016.

Festive Cheer for the Elderly
Since 2000, Operation Redshirt, formed by a group of friends, has been putting together goodie bags and 'Ang Pows' for the needy elderly during the Chinese New Year season. In 2016, the team reached out to more than 1,600 senior citizens across Singapore. We sponsored Hansaplast plasters and St Luke's Prickly Heat powder as part of the goodie bags, as well as provided our driver and mini bus to transport the volunteers to various distribution points in Singapore.

Donating to Bizlink Centre
We made a donation to Bizlink Centre through sponsoring a table at its charity dinner. Bizlink Centre has been dedicated to helping disadvantaged individuals, in particular persons with disabilities, seek fulfillment through training and employment in Singapore, since 1986.

BOARD OF DIRECTORS

Dr Ho Tat Kin
Chairman and Independent Director

Dr Ho Tat Kin was appointed to our Board on 16 October 2015 and was re-elected on 28 April 2016.

Dr Ho is a management consultant, concentrating on mergers and acquisitions, business ventures in the private education sector, digital information technology and green technology. He brings with him more than 30 years of experience in senior and risk management, operations and corporate governance. Over the years, Dr Ho has served as director of various companies listed on the main boards of Hong Kong and Singapore. His last appointment was the executive chairman of Rowsley Ltd., from 2010 to 2013. Rowsley is listed on the Main Board of the SGX-ST.

Prior to joining the private sector, Dr Ho had a successful career in the public sector, having served in the Ministry of Education, Singapore Economic Development Board and was deputy director of the Japan-Singapore Institute of Software Technology (a Government-to-Government Technology Transfer Project) from 1982 to 1990 and then as director till 1997.

Dr Ho was an elected Member of Parliament from 1984 to 2001, serving 4 terms in the Parliament of Singapore. He was concurrently a Town Council Chairman from 1988 to 1999.

Dr Ho graduated with a Bachelor of Science (Honours) from the University of Singapore in 1966 and received a Japan International Co-operation Agency (Post-graduate) Certificate (Teachers on Computer Science) completed at Yamanashi University and Tokyo University in 1975. Dr Ho completed his M.Sc. in Technological Economics in 1980 and Ph.D. in 1982 at the University of Stirling, Scotland, UK.

Dr Ho Tat Kin is a life member of the Institute of Physics of Singapore and received a Distinguished Science Alumni Award from the University of Singapore in 2011.

Mr Paul Lim Choon Wui
Executive Director and Chief Executive Officer

Mr Paul Lim Choon Wui was appointed to our Board on 14 August 2015. He was re-elected on 28 April 2016. Mr Lim joined our Group in February 2010. Since then, he has expanded our service offerings from security consultancy services to a comprehensive range of security products, services and solutions, including cybersecurity solutions, mobile forensics, homeland security products and services, security guarding, security systems, executive protection, events security and private investigation.

Prior to joining our Group, Mr Lim held various positions in the Singapore Police Force between 1990 and 2010, including key appointments such as commander of Tanglin Police Division and Deputy Director of various departments at the Police Headquarters.

Mr Lim is a council member of the Association of Small and Medium Enterprises and an ordinary member of the Singapore Institute of Directors. He is also a certified security professional of the Security Association (Singapore).

Mr Lim was awarded the Singapore Police Force overseas scholarship in 1990 and graduated from the University of Cambridge with a Bachelor of Arts (Honours) in 1993. He also obtained a Master of Arts from the University of Cambridge in 1997. In 2002, he obtained a Master in Public Management from the Lee Kuan Yew School of Public Policy at the National University of Singapore under a Singapore Police Force postgraduate scholarship.

Ms Lim Siok Leng
Executive Director, Chief Financial Officer and General Manager (Security Printing) (Covering)

Ms Lim Siok Leng was appointed to our Board on 16 October 2015 and was re-elected on 28 April 2016. Ms Lim has been serving with our Group for over 20 years. She is responsible for overseeing the overall operations of the security printing business as well as the finance and accounting functions of our Group.

Ms Lim began her career in Hofer Communications (Pte) Ltd as a finance manager in 1986. In 1995, she joined the Secura group of companies as a finance and administrative manager, progressing to the position of financial controller in 2002. Between 2002 and 2015, Ms Lim was responsible for the overall finance functions and accounting matters of SSPL Group, including the implementation of internal controls and compliance with regulatory requirements.

Ms Lim was later appointed as managing director of the SSPL Group in 2015, and her role expanded to include overseeing the company's performance, implementation of company policies and development of strategic plans.

Ms Lim graduated from the National University of Singapore in 1986 with a Bachelor of Accountancy. She has been an associate of the Institute of Singapore Chartered Accountants since 1995.

Mr Tan Wee Han
Executive Director

Mr Tan Wee Han was appointed to our Board as non-executive, non-independent director on 16 October 2015 and was re-elected on 28 April 2016. He was re-designated to executive director on 1 October 2016. Mr Tan began his career at Pepperl + Fuchs Pte Ltd, where he worked as a sales engineer from 1989 to 1991. From 1991 to 1998, he was a regional manager for Parker Hannifin Singapore Private Limited, where he was responsible for sales of motion and control products in Asia. In 1998, he founded Crystal Wines Pte. Ltd. and was managing director until 2012. He was managing director at Menu Pte. Ltd. from 2013 to 2016 and was executive director at Kestrel Investments Pte. Ltd. from 2012 to 2016.

Mr Tan obtained a Diploma in Electronics and Communication Engineering from Singapore Polytechnic in 1987. He also obtained a Diploma in Marketing Management from Ngee Ann Polytechnic and a Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom, both in 1993. In 1998, he received a Master of Business Administration from the University of Dubuque, U.S.

Mr Lock Wai Han
Non-Executive, Non-Independent Director

Mr Lock Wai Han was appointed to our Board on 16 October 2015 and was re-elected on 28 April 2016.

Mr Lock served in the public sector from 1986 to 2010, during which he held various key appointments, including commissioner of Immigration & Checkpoints Authority, director of the Criminal Investigation Department of the Singapore Police Force and deputy secretary of the Ministry of Information, Communications & the Arts of Singapore. In 2010, he left the public sector to join CapitaMalls Asia Limited as its chief corporate officer. He was appointed as chief executive officer of CapitaMalls Asia PRC operations from 2011 to 2013, and was responsible for overseeing CapitaMalls Asia's portfolio of 60 retail malls and mixed developments in the PRC. He then held the post of executive director and group chief executive officer of Rowsley Ltd. from 2013 to 2015. Mr Lock is currently the executive director and chief executive officer of OKH Global Ltd., a listed industrial real estate contractor and developer in Singapore.

Mr Lock was awarded the Singapore Police Force overseas scholarship in 1986 and graduated from the University of Cambridge with a Bachelor of Arts in Engineering in 1989. He also received a Master of Arts in Engineering from the University of Cambridge in 1993 and a Master of Science in Management from the Leland Stanford Junior University in 1999.

Mr Gary Ho Kuat Foong
Independent Director

Mr Gary Ho Kuat Foong was appointed to our Board on 16 October 2015. He was re-elected on 28 April 2016.

Mr Ho has over 35 years of experience in corporate management and finance having been a director of both publicly listed and private companies in Singapore, Malaysia and Australia. He currently serves on the board of directors of Rowsley Ltd. and UPP Holdings Limited, both listed companies on the SGX-ST and TMC Life Sciences Berhad, listed on the stock exchange in Malaysia.

Mr Ho graduated with a Bachelor of Science and a Bachelor of Commerce from the University of Western Australia in 1975 and 1977 respectively. He is also a member of the Institute of Singapore Chartered Accountants and CPA Australia.

Mr Ong Pang Liang
Independent Director

Mr Ong Pang Liang was appointed to our Board on 16 October 2015 and was re-elected on 28 April 2016. Mr Ong has over 25 years of experience in banking and finance. From 1983 to 1984, Mr Ong worked as a funding officer at Singapore-Japan Merchant Bank Limited. From 1984 to 1986, he worked as a foreign exchange trader at Merrill Lynch International Bank. He then became assistant vice president for foreign exchange trading at Security Pacific National Bank, where he worked from 1986 to 1988.

From 1988 to 2000, Mr Ong served as managing director and head of foreign exchange at Bank of America, Singapore Branch, and from 2000 to 2002, he moved to Shanghai, the PRC, to become managing director and general manager of Bank of America, Shanghai Branch. From 2002 to 2003, he served as a proprietary trader at Phillip Capital Group, and from 2004 to 2007, he was head of treasury at Bangkok Bank, Singapore Branch. From 2008 to 2010, he was chief financial officer of Rowsley Ltd, where he currently serves as an independent director.

In 2010, Mr Ong was appointed executive director of UPP Holdings Limited, where he remained in office until 2012. Mr Ong was a non-executive director of UPP Holdings Limited from 2012 to 2015 and is currently a non-executive, independent director of UPP Holdings Limited.

Mr Ong graduated from the National University of Singapore in 1983 with a Bachelor of Business Administration.

EXECUTIVE OFFICERS

Mr Ong Kok Leong
Chief Operating Officer

Mr Ong Kok Leong joined our Group in 2016 and is responsible for overseeing both business development and overall operations of our Group.

Mr Ong had a 8-year stint with the Singapore Police Force, working in different police divisions and the Ministry of Home Affairs before taking on the role of commanding officer. In 2007, he joined the healthcare industry, as deputy director at KK Women's & Children's Hospital and Tan Tock Seng Hospital, where he managed the full-suite of operations both in information technology and integrated support services. From 2012 to 2013, he became deputy general manager with Certis CISCO Aviation Security, managing the operations of 2,700 staff at Changi Airport. From 2015 to 2016, he was a division director at UEMS Solutions Pte Ltd managing the healthcare integrated operations.

Mr Ong was awarded the Public Service Commission scholarship in 1995 and graduated from the National University of Singapore (NUS) in 1999 with First Class Honours in Mechanical and Production Engineering. He also received his Master of Engineering in 2000 under the prestigious Accelerated Master Programme in NUS. Mr Ong is a certified ICAO Professional Manager for Aviation Security (AVSEC PM); and lead auditor for both ISO 14001:2004 and OHSAS 18001:2007.

Mr Yow Hong Yew
International Director and Managing Director (Secura (Thailand))

Mr Yow Hong Yew joined our Group in April 2016. He is responsible for spearheading our expansion into overseas market. He also assists Group CEO in managing and overseeing special projects which may include the launch of new products and services, infrastructural projects and starting of new businesses.

Mr Yow began his career with the Ministry of Home Affairs (MHA) and held various policy, corporate communications and human resource positions in the MHA Headquarters, the Singapore Police Force and Singapore Prison Service as well as a secondment (operations stint) with the Ministry of Manpower during his 20-year civil service career.

Mr Yow graduated from the National University of Singapore (NUS) in 1995 with a Bachelor of Arts degree. He also obtained a Bachelor of Social Sciences degree in Political Science (Second Class Honours) from NUS in 1996.

In 2009, Mr Yow obtained a Master of Arts degree in International Political Economy from the University of Warwick under MHA's postgraduate sponsorship.

Mr Goh Ching Hua Kelvin
General Manager (Security Guarding)

Mr Goh Ching Hua Kelvin joined our Group in 2013 as a business development manager and was promoted to general manager of Soverus Pte. Ltd. in 2014. Mr Goh is responsible for managing the overall operations, and sales and marketing strategies of our security guarding business. He is also involved in planning the recruitment strategies for our security officers, together with Ms Pek Geok Ling, our Head of Human Resources.

Prior to joining our Group, Mr Goh began his career as an engineer at Panasonic Factory Solutions Asia Pacific Pte. Ltd. in 2003. In 2006, he moved to Logicom Instruments Pte Ltd, where he worked as a senior engineer till 2007. From 2007 to 2009, Mr Goh was a sales manager at Certis CISCO Security Pte. Ltd., where he was responsible for generating new sales for security systems, such as CCTVs intrusion detections systems, electronics access control systems and car park barrier systems. Subsequently, he joined Security Distribution and Consultancy Pte. Ltd. from 2009 to 2010 as a sales manager before taking on the role of business development and strategic planning manager at Pico Guards Pte Ltd from 2010 to 2011. From 2011 to 2013, Mr Goh served as the general manager of Jasa Investigation & Security Services Pte Ltd, where he was responsible for developing and implementing strategic marketing plans and forecasts for security systems and security guarding services.

Mr Goh graduated from the National University of Singapore in 2002 with a Bachelor of Engineering (Electrical).

Mr Chew Oon Ping

General Manager (Security Consultancy and Services)

Mr Chew Oon Ping has been with our Group since 2013. He is responsible for developing and implementing business strategies and managing the overall operations of our security consultancy and services business.

Mr Chew began his career as an assistant project consultant at Decorial Pte Ltd in 2001. In 2006, he joined Certis CISCO Security Pte. Ltd. as an account manager. From 2008 to 2009, Mr Chew was a marketing manager at the National Parks Board before joining AETOS Security Management Pte. Ltd. as senior manager from 2009 to 2013, where he was responsible for providing key account management and customer support to assigned government accounts.

Mr Chew graduated from the University of Western Sydney in 2003 with a Bachelor of Business Administration.

Ms Ong Guat Ling

General Manager (Security Technology)

Ms Ong Guat Ling joined our Group in 2015 and is responsible for business development and oversight of cybersecurity, technology and systems integration. Her role includes promoting the sales of our cybersecurity products and services, homeland security products, as well as keeping abreast of new products, trends and technologies relevant to our security technology and systems integration business.

Prior to joining our Group, Ms Ong began her career as a banquet sales manager for York Hotel in 1992. In 1995, she joined Computer Associates Pte Ltd as a marketing assistant. From 1997 to 1999, Ms Ong was a marketing communications manager at ACCPAC Software International Pte Ltd. From 1999 to 2001, she was an account manager at Azure Technologies Pte Ltd before rejoining ACCPAC Software International Pte Ltd in 2001 as a business partner account manager for Malaysia, Thailand and Vietnam. In 2004, Ms Ong joined information technology products and trading company Marasi International Pte Ltd as a sales representative and was promoted to business development manager in 2008. She became general manager in 2011 and was responsible for all matters relating to sales and operations.

Ms Ong completed the Singapore-Cambridge General Certificate of Education Advanced Level examinations in 1991.

The Board of the Company recognises the importance of corporate governance and the offering of high standards of accountability to shareholders of the Company ("**Shareholders**"). Good corporate governance establishes and maintains a legal and ethical environment in the Group to protect the interests of Shareholders and maximise long-term Shareholders' value.

This report outlines the corporate governance framework and practices adopted by the Company since its listing on Catalist on 28 January 2016, with reference to the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore on 2 May 2012 and the disclosure guide (the "**Disclosure Guide**") issued by the SGX-ST.

The Group has complied substantially with the principles and guidelines of the Code and the Disclosure Guide. Where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Company's practices, where appropriate.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board oversees the business affairs of the Group and provides entrepreneurial leadership to the Company. This includes evaluation of management performance, establishment of a prudent and effective controls framework and setting the strategic direction for the Company. It is responsible for the overall policies and integrity of the Group to ensure success and long-term interests of Shareholders are served.

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. These include, among others, approval of the Group's strategic plans, major investment and funding proposals, review of annual budget and financial performance of the Group and appointment of Directors and key office holders.

Functions of the Board are carried out directly by the Board or through committees of the Board, which have been set up to support its work, with written terms of reference. In this regard, Board committees ("**Board Committees**"), namely the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**") have been constituted to assist the Board in the discharge of specific responsibilities. Further information on the roles and responsibilities of the NC, the RC and the AC are provided below.

The Board will meet on a quarterly basis or more frequently, when required. The constitution of the Company ("**Constitution**") has provided for telephonic and video-conference meetings.

Formal appointment letters setting out the Directors' duties and obligations are issued to each newly appointed Director. Newly appointed Directors will attend relevant trainings and are briefed on their duties and obligations as Directors. Meeting with the Chairman, Group Chief Executive Officer ("**Group CEO**") and Chief Financial Officer ("**CFO**") is part of an orientation programme for newly appointed Directors to familiarise themselves with the affairs of the business. The Company also conducts visits to the Group's key operating premises. Directors can also request further briefings or information on any aspect of the Group's business or operations from the management. The Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and listing rules) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors.

The number of Board and Board Committee meetings held during FY2016 as well as the attendance of each Director at these meetings is set out below:

Name	Board Meeting	AC Meeting	NC Meeting	RC Meeting
No. of meetings held post listing	**4**	**4**	**1**	**1**
Name of Directors				
Dr Ho Tat Kin	4	4	1	1
Paul Lim Choon Wui	4	N.A.	N.A.	N.A.
Lim Siok Leng	4	N.A.	N.A.	N.A.
Tan Wee Han	4	N.A.	1	N.A.
Lock Wai Han	4	4	N.A.	N.A.
Ong Pang Liang	4	4	1	1
Gary Ho Kuat Foong	4	4	1	1

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises 7 Directors, 3 of whom are Executive Directors. Of the 4 Non-Executive Directors, 3 are Independent Directors. Memberships of the Board Committees are as follows:

Name	Date of first appointment	Board membership	AC	NC	RC
Dr Ho Tat Kin	16 October 2015	Chairman and Independent Director	Member	Chairman	Member
Paul Lim Choon Wui	14 August 2015	Executive Director and Group CEO	–	–	–
Lim Siok Leng	16 October 2015	Executive Director and CFO	–	–	–
Tan Wee Han*	1 October 2016	Executive Director	–	Member	–
Lock Wai Han	16 October 2015	Non-Executive and Non-Independent Director	Member	–	–
Ong Pang Liang	16 October 2015	Independent Director	Chairman	Member	Member
Gary Ho Kuat Foong	16 October 2015	Independent Director	Member	Member	Chairman

* Appointed as Non-Executive, Non-Independent Director on 16 October 2015 and was re-designated to Executive Director on 1 October 2016.

As the number of Independent Directors makes up at least one-third of the Board, there is a strong and independent element on the Board and the Company complies with the guideline of the Code on the proportion of Independent Directors on the Board. In addition, as the Independent Directors were appointed in October 2015, none of them has served on the Board for more than 9 years.

The independence of each Independent Director is assessed at least annually by the NC, adopting the Code's definition. All the Independent Directors have been determined to be independent, with each individual Director concerned abstaining from the review of his own independence. The Independent Directors do not have any immediate family relationships with the Directors, the Company, its related corporations, its 10% Shareholders and its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

As assessed by the NC:

(i) none of the Independent Directors or any of their immediate family members has been employed by the Group;

(ii) none of the Independent Directors or any of their immediate family members has accepted any significant compensation for the provision of services from the Group;

(iii) none of the Independent Directors or any of their immediate members is a shareholder of, partner in, or a director or executive officer of any entity which has significant transactions with the Group. In addition, there has not been any transactions of any nature between the Group and the Independent Directors or their associates; and

(iv) none of the Independent Directors or any of their associates is related to any of the controlling Shareholder, Director or executive officer.

Each year, the Board reviews its size, taking into account, *inter alia*, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, educational background and professional experience in order to provide the Board access to an appropriate range and balance of skills, experience and backgrounds.

All Directors are professionals in their own fields, together they bring to the Board multiple skill sets, relevant competencies, and attributes to discharge the functions of the Board and Board Committees, and respond to challenges facing the Group. At present, the Board has 1 female Executive Director, namely, Ms Lim Siok Leng.

The current board size of 7 members is considered appropriate for the Company, taking into account the nature and scope of the Company's operations. In addition, the Board believes that the current composition provides an appropriate balance of skills, experience, gender and knowledge which facilitates effective decision making. The Directors hold core competencies such as accounting and finance, business and management as well as industry knowledge.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is our Independent Director, Dr Ho Tat Kin and the Group CEO is Mr Paul Lim Choon Wui. This ensures a clear division of responsibilities between the leadership of the Board and executives responsible for managing the Group's businesses.

The Chairman sets the tone of the Board meetings to encourage participation and constructive discussions on the agenda topics. He leads the Board in its discussions and deliberations, facilitates effective contribution by the Directors and ensures the timeliness of information flow between the Board and the management.

The Group CEO plays an instrumental role in setting the strategic direction of the Group and ensuring that its organisational objectives are achieved. He oversees the day-to-day management of the Group with the support of the CFO.

The Chairman of the Board and the Group CEO are not related to each other.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises 4 Directors, the majority of whom, including the NC chairman, are Independent Directors:

Dr Ho Tat Kin (Chairman)
Tan Wee Han
Ong Pang Liang
Gary Ho Kuat Foong

The NC holds at least 1 meeting each financial year.

Principal functions of the NC include:

- making recommendations to the Board on appointment of new Directors and executive officers, including nominations of Directors for re-election in accordance with the Constitution;

- reviewing and approving any new employment of persons related to the Directors and substantial Shareholders and proposed terms of their employment;

- determining the independence of Directors;

- reviewing and deciding whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

- review the training and professional development programs for the Board;

- reviewing succession plans for Directors, in particular the Group CEO and the Chairman;

- reviewing the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;

- determining and recommending to the Board the maximum number of listed company board representations which any Director may hold; and

- developing a process for evaluation of the performance of the Board, the Board Committees and the Directors and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term Shareholders' value.

In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills required to support the Company's business activities and strategies as well as the qualifications, experience and attributes of prospective candidates.

The Company has adopted a comprehensive and detailed process in the selection of new Directors. Candidates will be sourced through an extensive network of contacts and selected based on, *inter alia*, the needs of the Group and the relevant expertise required. When necessary, the NC may seek the help of external consultants in the search process. In selecting suitable candidates, the Board, in consultation with the NC, will consider the Group's strategic goals, business direction and needs. The

Board will also consider gender diversity requirements in seeking any new appointment to the Board. The NC will conduct interviews with the candidates and nominate the candidate deemed most suitable for appointment to the Board.

In recommending a Director for re-election to the Board, the NC considers, *inter alia*, his/her performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). The Constitution requires newly appointed Directors to retire at the next AGM following their appointment. One-third of the Board is to retire from office at every AGM.

The Directors standing for re-election at the forthcoming AGM are Mr Ong Pang Liang, Dr Ho Tat Kin and Mr Lock Wai Han, who will retire by rotation pursuant to the Constitution. The Board has accepted the NC's recommendations to put forth these Directors for re-election at the forthcoming AGM.

No member of the NC participated in deliberations or decisions on recommendations for his own re-nomination to the Board.

The NC had reviewed the multiple-board seats held by the Directors and their confirmations that they are able to devote sufficient time and attention to the matters of the Group and noted that the Directors had full attendance in relation to the Board and Board Committee meetings held in FY2016. The NC is satisfied that the Directors have been able to devote sufficient time and resources to the affairs of the Company. As such, the Board does not think that it is necessary to set the maximum number of listed board representations that any Director may hold as all the Directors are able to devote sufficient time and resources to the Company's affairs in light of their commitments.

Key information on the Directors can be found on pages 12 to 14 of the Annual Report.

None of the Directors has appointed an alternate Director.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has formulated an evaluation process for assessing the effectiveness of the Board and the Board Committees.

The assessment parameters include, among others, attendance at meetings of the Board and the Board Committees, contributions and participation at meetings and ability to make informed decisions.

Each Director will evaluate the performance of the Board taking into account a set of performance criteria which includes, *inter alia*, Board composition and size, shareholders' access to information, Board processes, Board effectiveness, Board standards of conduct and financial performance indicators.

The performance evaluation process is performed annually. Each Director is required to complete assessment forms to evaluate the Board and the Board Committees. The Company Secretary collates the completed forms and prepares a consolidated report for the Chairman of the NC. The NC discusses the report and concludes the performance results during the NC meeting.

Although the Directors are not evaluated individually, performance of individual Directors is observable through their contributions and participation at meetings, and time and attention devoted to the affairs of the Company. The NC will also consider other contributions by a Director such as providing objective perspectives on issues, facilitating business opportunities and strategic relationships and the Director's accessibility to the management outside of formal Board and/or Board Committee meetings.

The Board is of the view that this set of performance criteria allows for appropriate comparison and addresses how the Directors have enhanced long-term Shareholders' value. For FY2016, the NC is of the view that the Board and the Board Committees have fared well against the performance criteria and the NC is satisfied with the performance of the Board and the Board Committees. Based on the NC's observations, the NC is also satisfied with the performance of the Directors.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfil its responsibilities, the management provides the Directors with periodic updates of the latest developments in the Group, accounts, reports and other financial information. Detailed Board papers are provided to the Directors before the scheduled meetings so as to enable them to make informed decisions. In respect of budgets, any material variance between the projections and actual results is reviewed by the Board, with the management providing explanations and further details as required.

At each quarterly Board meeting, the Executive Directors and the management brief the Non-Executive Directors on the state of the Group's business, finance and risks. The Non-Executive Directors are also briefed on the key developments in the security printing and security services industry.

The Directors are informed and are aware that they may take independent professional advice at the Company's expense, where necessary, in furtherance of their duties.

All Directors have unrestricted access to the Company's records and information. They also have separate and independent access to the Company's senior management and the Company Secretary at all times. The Company Secretary also attends the Board and Board Committee meetings. The Company Secretary assists the Chairman in the dissemination of information to the Board as well as ensuring timeliness of information flows within the Board and the Board Committees and between the management and the Non-Executive Directors.

The appointment and removal of the Company Secretary is a matter for the Board as a whole to approve.

PRINCIPLE 7: PROCEDURE FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC comprises 3 Independent Directors namely:

Gary Ho Kuat Foong (Chairman)
Dr Ho Tat Kin
Ong Pang Liang

The RC holds at least 1 meeting each financial year.

Principal functions of the RC include:

- reviewing and recommending to the Board, a framework for determining executive remuneration including the remuneration of the Group CEO and key management personnel;

- reviewing the remuneration of key management personnel and employees related to the Directors, the Group CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines;

- administering the Secura Employee Share Option Scheme and the Secura Performance Share Plan (collectively, the "**Share-Based Incentive Plans**");

- reviewing and approving each award/ option as well as the total awards/options under each of the Share-Based Incentive Plans in accordance with the rules governing them. Including awards/ options to the Directors and key management personnel; and

- reviewing and recommending to the Board, a framework of remuneration (including Directors' fees) for Non-Executive Directors.

The Group's remuneration policy is to provide competitive remuneration packages to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

The Company has entered into service agreements with our Executive Director and Group CEO, Mr Paul Lim Choon Wui, and our Executive Director and CFO, Ms Lim Siok Leng on 20 January 2016 for an initial period of 3 years, renewable thereafter on a yearly basis and may be terminated by either party giving not less than 90 days' written notice. The Company also entered into a service agreement with our Executive Director, Mr Tan Wee Han on 1 October 2016 for a 3-year period, renewable thereafter on an annual basis and may be terminated by either party giving not less than 90 days' written notice.

Each of our Executive Directors and key management personnel is entitled to, *inter alia*, a base salary and performance-related incentives linked to the financial performance of the Group and the individual's performance, which is assessed based on their respective performance indicators. There are no profit sharing arrangements with any of our Executive Directors or key management personnel.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and key management with those of Shareholders by linking rewards to corporate and individual performance, and ensures that the remuneration commensurate with the roles and responsibilities of each Director and key management. The RC reviews the remuneration received by the Executive Directors based on the financial performance of the Group. The Executive Directors reviews the remuneration of key management based on the staff remuneration guidelines to ensure that their remuneration packages commensurate with their respective job scope and responsibilities. The RC is satisfied that the performance conditions for the Executive Directors and key management personnel for FY2016 were met. Due to confidentiality and sensitivity attached to the remuneration matters, it would not be in the best interest of the Company to disclose information on performance conditions of the Executive Directors and key management personnel.

Non-Executive Directors receive Directors' fees for their services. Each Non-Executive Director receives a basic fee and additional fees for serving as chairperson of Board Committee. The fees are determined by the Board, taking into account the effort, time spent and responsibilities of the Director.

No Director is involved in deciding his or her own remuneration package.

All revisions to the remuneration packages of the Directors and key management personnel are subject to the review by and recommendation of the RC and the approval of the Board. Directors' fees are further subject to the approval of Shareholders at the AGM. Where necessary, the RC could seek external professional advice on remuneration matters of Directors and key management personnel. The RC did not seek any external professional advice in FY2016.

In reviewing the service contracts of the Executive Directors and key management, the RC will take into consideration the Company's obligations in the event of termination of these service contracts, to ensure that such service contracts contain fair and reasonable termination clauses which are in line with industry norms and practices.

The Company had adopted the Share-Based Incentive Plans on 14 January 2016. The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward Directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to the success of the Group. Details of the Share-Based Incentive Plans can be found in the Company's offer document dated 20 January 2016 (the "**Offer Document**").

All Directors were granted options pursuant to the Secura Employee Share Option Scheme during FY2016, details of which can be found on pages 33 to 34 of the Annual Report.

The breakdown of remuneration paid to or accrued to each Director for FY2016 is as follows:

Directors	Fees	Salary(1)	Bonus	Other benefits	Variable or performance-related income/ bonus	Total
Between S$250,000 to S$500,000						
Paul Lim Choon Wui	–	90.2%	8.6%	1.2%	–	100.0%
Lim Siok Leng	–	91.3%	8.7%	–	–	100.0%
Below S$250,000						
Dr Ho Tat Kin	100.0%	–	–	–	–	100.0%
Ong Pang Liang	100.0%	–	–	–	–	100.0%
Gary Ho Guat Foong	100.0%	–	–	–	–	100.0%
Lock Wai Han	100.0%	–	–	–	–	100.0%
Tan Wee Han(2)	29.2%	64.6%	6.2%	–	–	100.0%

Notes:

(1) Refer to basic salary and CPF contribution by employer.

(2) Mr Tan Wee Han was re-designated from Non-Executive, Non-Independent Director to Executive Director on 1 October 2016.

The Company has disclosed the remuneration of each Director and the Group CEO as a breakdown (in percentage terms) into fixed salary, variable or performance related incentives/bonuses, benefits-in-kind and share-based incentives. No other long-term incentives and no termination, retirement or post-employment benefits have been granted to the Directors and the Group CEO. The Company has disclosed each Director's and the Group CEO's remuneration in bands of S$250,000. The Company believes it is not in the best interest of the Company to disclose the remuneration details in view of the confidentiality and sensitivity of such information in a small and medium size enterprise environment.

The aggregate remuneration received by the top 5 key management personnel (who are not Directors or the Group CEO) for FY2016 was approximately S$530,000. The various components of the remuneration of the Group's top 5 key management personnel (who are not Directors or the Group CEO) in percentage terms are as follows:

Key management personnel	Salary	Variable bonus	Allowances and other benefits	Total
Below S$250,000				
Ong Kok Leong	85.3%	7.9%	6.8%	100.0%
Yow Hong Yew	92.1%	7.9%	–	100.0%
Goh Chin Hua Kelvin	71.8%	14.8%	13.4%	100.0%
Chew Oon Ping Derek	72.7%	15.0%	12.3%	100.0%
Ong Guat Ling	86.5%	7.2%	6.3%	100.0%

There are no other long-term incentives and no termination, retirement or post-employment benefits granted to the key management.

The remuneration of employees who are immediate family members of the Directors or substantial Shareholders will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these employees who are immediate family members of the Directors or substantial Shareholders will also be subject to the review of the RC.

In addition, any new employment of employees who are immediate family members of the Directors or substantial Shareholders and the proposed terms of their employment will be subject to the review and approval of the NC. In the event that a member of the RC or the NC is related to the employee under review, he will abstain from the review.

The remuneration of employees who are immediate family members of a Director or the Group CEO, and whose remuneration exceeds S$50,000 during FY2016 are as follows:

Name	Designation	Relationship
Between S$50,000 to S$100,000		
Wong Wei Kong, Victor	Logistics & Estate Manager	Brother-in-law of Paul Lim Choon Wui (Executive Director and Group CEO)

PRINCIPLE 10: ACCOUNTABILITY

The Company has adopted quarterly results reporting. News releases and quarterly results announcements are published through SGXNET in an effort to provide Shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis.

The management provides the Board with appropriately detailed management accounts and explanation of the Group's performance, position and prospects on a quarterly basis.

The Company Secretary ensures that the Board procedures are observed and that the Constitution, and relevant rules and regulations, including the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**"), are complied with. All announcements of the Company are reviewed by the Company's sponsor prior to their release on the SGXNET.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risks and the overall internal controls framework. It ensures that the management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Company's strategic objectives.

The management is responsible to the Board for the design, implementation and monitoring of the Company's risk management and internal controls systems and to provide the Board with a basis to determine the Company's level of risk exposure, risk tolerance and risk policies.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the external and internal auditors, and reviews performed by the management, the Board, with the concurrence of the AC, is of the view that the internal controls of the Group addressing financial, operational, compliance, information technology controls and risk management systems are adequate and effective as at 31 December 2016.

The Board has also received assurances from the Group CEO and the CFO that the Group's risk management and internal controls systems in place are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and information technology risks and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Whistle Blowing Policy

The Company has put in place a whistle-blowing framework ("**Whistle Blowing Policy**") endorsed by the AC where employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured email address has been set up to allow whistle-blowers to contact the AC directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. The AC ensures that independent investigations and any appropriate follow-up actions are carried out.

There were no reported incidents pertaining to whistle blowing during FY2016.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises 4 Directors, the majority of whom, including the AC chairman, are Independent Directors:

Ong Pang Liang (Chairman)
Dr Ho Tat Kin
Lock Wai Han
Gary Ho Kuat Foong

The AC meets at least 4 times a year.

Principal functions of the AC include:

- assisting the Board in the discharge of its responsibilities on financial and reporting matters;
- reviewing with the internal and external auditors their plans and reports;
- reviewing the quarterly results announcements and annual budget before submission to the Board for approval;
- reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of the internal controls and risk management systems and procedures addressing financial, operational, information technology and compliance risks;
- reviewing the independence and objectivity of the internal and external auditors and recommending to the Board their appointment or re-appointment;
- meeting with auditors without the presence of the management at least annually;
- reviewing and discussing with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- reviewing the financial risk areas, with a view to providing an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- reviewing the cooperation given by the management to the internal and external auditors;
- reviewing interested person transactions;

- reviewing any potential conflicts of interest and setting out a framework to resolve or mitigate any potential conflict of interest; and
- reviewing and administering the Whistle Blowing Policy.

The AC shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

A breakdown of the audit and non-audit fees that are charged to the Group by the external auditor and other auditors of the Group is set out in Note 26 of the financial statements on page 85 of the Annual Report.

Having undertaken a review of the non-audit services provided during the year, the AC is satisfied and remains confident that the objectivity and independence of the external auditor is not in any way impaired by the provision of such non-audit services which they provided to the Group as these services were provided solely in connection with corporate tax services and outsourced services provider audit report services. The AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as the Company's external auditor at the forthcoming AGM.

The Group has complied with Rules 712 and 715 of the Catalist Rules on the appointment of auditing firms for the Company, subsidiaries and significant associated companies.

The AC also meets with the internal auditor and the external auditor without the management, at least annually and whenever necessary to review the adequacy of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors.

The external auditor provides regular updates and briefings to the AC on changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements.

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the AC.

PRINCIPLE 13: INTERNAL AUDIT

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard Shareholders' investments and the Group's business and assets. The Company's internal audit function has been outsourced to KPMG Services Pte. Ltd. ("**Internal Auditor**"). The AC approves the hiring, removal, evaluation and compensation of the Internal Auditor. The Internal Auditor reports directly to the chairman of the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the Internal Auditor has the adequate resources to perform its functions.

The AC is satisfied that the Internal Auditor has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Based on the scope of work performed, the Internal Auditor had conducted a review of the effectiveness of the Group's internal controls and noted no material internal control weakness in FY2016.

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, *inter alia*, ensure that (i) the majority of the identified risks are audited by cycle, (ii) the recommendations of the Internal Auditor are properly implemented, and (iii) the effectiveness and independence of the Internal Auditor. For FY2016, the AC is satisified that the internal audit function is adequately resourced, adequate and effective.

PRINCIPLE 14: SHAREHOLDER RIGHTS AND RESPONSIBILITIES
PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Group's corporate governance practices promote fair and equitable treatment of all Shareholders. To safeguard Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET, in particular, information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable Shareholders to make informed decisions in respect of their investments in the Company.

The Company does not practise selective disclosure. Financial results and annual reports are announced or issued within the mandatory period. In addition, information deemed to be price-sensitive, including press releases, presentations to analysts as well as major acquisitions or disposals, is disseminated without delay via announcements on SGXNET.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all Shareholders. Separate resolutions are proposed for substantially separate issues at Shareholders' meetings for approval. "Bundling" of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved. All resolutions are to be voted by poll, following which the detailed results showing, *inter alia*, the number of votes cast for and against each resolution and the respective percentages will be announced.

Shareholders are given the opportunity to participate and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. The Constitution allows each Shareholder to appoint proxies to vote and attend general meetings on his behalf.

General meetings are the principal forum for engaging Shareholders. Directors, including the chairpersons of the Board and the Board Committees are present at the AGM to answer Shareholders' questions. The external auditors will also be present to assist the Directors in addressing any relevant queries by Shareholders. Minutes of general meetings, which include relevant and substantial questions and comments from Shareholders and response from the Board and the management, are available to Shareholders upon written request.

The Company holds briefings to present its financial results for the media and analysts, when requested. Outside of the financial announcement periods, when necessary and appropriate, the management will meet investors and analysts who like to seek a better understanding of the Group's business and operations. This also enables the Group to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views. When opportunities arise, the Company conducts media interviews to give Shareholders and the public a better perspective of the Group's business, operations and prospects.

The Company has appointed an investor relations firm, August Consulting Pte Ltd, to manage communications with its stakeholders and to ensure that their queries and concerns are promptly addressed by the relevant management personnel. The contact details of the investor relations firm is provided on the corporate information page of the Annual Report. The investor relations firm have procedures in place for responding to investors' queries as soon as possible.

DIVIDEND POLICY

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to, *inter alia*, the Group's level of earnings, general business and financial condition, results of operations, capital requirements, cash flow, plans for expansion and other factors which the Directors may deem appropriate. In addition, the Company is a holding company and depends upon the receipt of dividends and other distributions from the subsidiaries to pay the dividends.

The Board has recommended a first and final (one-tier tax exempt) dividend of 0.3 Singapore cents per ordinary share for FY2016 for approval by Shareholders at the forthcoming AGM.

DEALINGS IN SECURITIES

Rule 1204(19) of the Catalist Rules

The Company has adopted a Code of Best Practices to provide guidance to all Directors and employees of the Group. The internal compliance code provides guidance for the Directors and employees of the Group on their dealings in the Company's securities, as well as the implications of insider trading.

The Company has advised the Directors and employees of the Group not to deal in the Company's securities during the period commencing 2 weeks prior to the announcement of the Company's financial results for the first 3 quarters of the financial year and 1 month prior to the announcement of the full year results and ending on the date of the announcement of the relevant results.

All Directors and employees of the Group are expected to observe insider trading laws at all times. In particular, they are aware that dealing in the Company's securities, when they are in possession of unpublished material price sensitive information in relation to those securities, is an offence. The Company has also reminded the Directors and employees of the Group not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has obtained a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

Interested person transactions carried out during FY2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
Mr Lim Eng Hock	–	S$419,000

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions will not be prejudicial to the interest of the Group and its minority Shareholders. To ensure compliance with Chapter 9 of the Catalist Rules, the Board and the AC review, on a quarterly basis, interested person transactions entered into by the Group (if any).

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

Save for the service agreements between the Company and the Executive Directors, disclosures under the sections "Interested Person Transactions" and "Directors' Statement" of the Annual Report and the financial statements of the Group, there were no other material contracts entered into by the Company or its subsidiaries involving the interests of any Director, the Group CEO or controlling Shareholder which is either subsisting at the end of FY2016 or, if not then subsisting, entered into since the end of FY2015.

NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2016.

USE OF PROCEEDS FROM THE IPO

Rule 1204(22) of the Catalist Rules

The net proceeds from the IPO was approximately S$26.1 million.

The following table sets out the breakdown of the use of net proceeds from the IPO as at the date of the Annual Report:

Purpose	Allocation of net proceeds (as disclosed in the Offer Document) (S$'000)	Net proceeds utilised as at the date of the Annual Report (S$'000)	Balance of net proceeds as at the date of the Annual Report (S$'000)
Expand security guarding business	9,300	–	9,300
Expand cyber security, technology and systems integration business	5,500	(3,209)	2,291
Enhance and upgrade security printing equipment	1,000	(280)	720
Corporate infrastructure improvements	4,000	(4,000)	–
General working capital purposes	6,300	(5,000)*	1,300
	26,100	(12,489)	13,611

* Mainly relates to repayment of shareholder's loan and bank loan which were taken up for working capital purposes.

The use of the IPO proceeds was in accordance with the purposes and the proportional allocation as stated in the Offer Document.

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Secura Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Paul Lim Choon Wui
Lim Siok Leng
Tan Wee Han
Dr Ho Tat Kin
Ong Pang Liang
Lock Wai Han
Gary Ho Kuat Foong

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and shares option of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company				
Paul Lim Choon Wui	–	21,600,000	–	224,000 [(1)]
Tan Wee Han	–	3,168,000	–	–
Lock Wai Han	–	4,032,000	–	–

Note:
(1) The shares are held under the name of DBS Nominees (Private) Limited.

Directors' interests in shares and debentures (continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Share options

The Company has adopted a share option scheme known as the Secura Employee Share Option Scheme ("Secura ESOS"), which was approved by a shareholders' resolution passed on 14 January 2016. The Secura ESOS provides an opportunity for the Group's employees and Directors to participate in the equity of the Company.

During the financial year, the Company has granted 18,400,000 share options under the Secura ESOS. These options expire on 8 May 2026.

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the Secura ESOS as at 31 December 2016 are as follows:

Name of directors	Exercise price (S$)	Number of options
Paul Lim Choon Wui	0.25	8,000,000
Lim Siok Leng	0.25	5,600,000
Tan Wee Han	0.25	1,200,000
Dr Ho Tat Kin	0.25	1,200,000
Ong Pang Liang	0.25	800,000
Lock Wai Han	0.25	800,000
Gary Ho Kuat Foong	0.25	800,000
Total		18,400,000

Details of the share options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Secura ESOS are as follows:

Name of directors	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options outstanding as at end of financial year
Paul Lim Choon Wui	8,000,000	8,000,000	–	8,000,000
Lim Siok Leng	5,600,000	5,600,000	–	5,600,000
Tan Wee Han	1,200,000	1,200,000	–	1,200,000
Dr Ho Tat Kin	1,200,000	1,200,000	–	1,200,000
Ong Pang Liang	800,000	800,000	–	800,000
Lock Wai Han	800,000	800,000	–	800,000
Gary Ho Kuat Foong	800,000	800,000	–	800,000
Total	18,400,000	18,400,000	–	18,400,000

Share options (continued)

These options are exercisable between the periods from 9 May 2017 to 8 May 2026 at the exercise price of $0.25 if the vesting conditions are met.

Since the commencement of the Secura ESOS plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates
- No participant other than the four directors mentioned above has received 5% or more of the total options available under the plans
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been granted at a discount

Share plan

The Company has adopted a performance share plan known as the Secura Performance Share Plan ("Secura PSP"), which was approved by a shareholders' resolution passed on 14 January 2016. The Secura PSP aims to motivate, recognise and reward contributions made by employees.

No performance shares have been granted or awarded pursuant to the Secura PSP since its inception.

Rules of the Secura ESOS and the Secura PSP are set out in the Company's offer document dated 20 January 2016 and are administered by the Remuneration Committee as follows:-

Gary Ho Kuat Foong
Dr Ho Tat Kin
Ong Pang Liang

Audit committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Paul Lim Choon Wui
Director

Lim Siok Leng
Director

Singapore
3 April 2017

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Secura Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Acquisition of subsidiaries

On 13 January 2016, the Company entered into a sale and purchase agreement to acquire 100% equity interest in Secura Singapore Pte. Ltd. and its subsidiaries ("SSPL Group") for $17,292,000. The purchase consideration was settled in full with the allotment and issuance of new shares of the Company to the then-shareholders of Secura Singapore Pte. Ltd.

Subsequently, on 16 June 2016, the Group entered into another sale and purchase agreement to acquire 100% equity interest in Red Sentry Pte. Ltd. ("RSPL") for a total cash consideration of $2,526,000.

Key audit matters (continued)

Acquisition of subsidiaries (continued)

The acquisitions of both the SSPL Group and RSPL (collectively known as "subsidiaries") were accounted for using the acquisition method where the Group performed a purchase price allocation ("PPA") exercise as disclosed in Note 7 of the financial statements. Given the quantitative materiality of these acquisitions, the significant management judgement required in the PPA exercise, and the adjustments made to align the accounting policies of SSPL Group and RSPL with those of the Group, we considered the accounting for the acquisition of subsidiaries to be a key audit matter.

The significant judgement and estimates involved in the PPA exercise mainly relates to the identification and valuation of intangible assets, and measurement of the fair value of the purchase consideration and the acquired assets and liabilities. As management has engaged an external valuation expert to assist them with the PPA exercise, we have assessed the competence, objectivity and the relevant experience of the external expert.

In auditing the accounting for the acquisitions, we read the sale and purchase agreements to obtain an understanding of the transactions and the key terms. An important element of our audit relates to management's identification of the acquired assets, ascertaining the respective fair values based on valuation models and estimating the residual goodwill. We tested this identification based on our discussion with management and our understanding of the business of the acquired companies. We involved our internal specialists in reviewing the valuation methodologies used by management and the external valuation expert in the valuation of acquired assets and liabilities. We also assessed the nature and basis of the valuation adjustments to the purchase consideration and whether the assumptions used in valuing the acquired intangible assets were consistent with what a market participant would use. We have also assessed the adequacy and appropriateness of the disclosures in the financial statements in Note 7 of the financial statements.

Impairment assessment of goodwill and investment in subsidiaries

As at 31 December 2016, the Group's carrying amount of goodwill amounted to $2,512,000 and the Company's carrying amount of the investment in subsidiaries amounted to $36,706,000. As part of the requirement under FRS 36 to perform impairment testing for non-financial assets, including goodwill and investment in subsidiaries, management prepared a discounted cash flow model to determine the recoverable value of the cash generating units (CGUs) which goodwill have been allocated to and the recoverable amount of the respective subsidiaries using the value in use model. The recoverable amounts are determined based on a number of significant operational and predictive assumptions such as forecasted revenue, growth rate, profit margin and discount rate. These estimates require significant management's judgement. As such, we consider the impairment assessment of the goodwill and investment in subsidiaries to be a key audit matter for our audit.

Our audit procedures included, amongst others, assessing the appropriateness of management's assumptions applied in the discounted cash flow models based on our knowledge of the CGUs' operations, performance and industry benchmarks. This included obtaining an understanding of management's planned strategies on revenue growth and cost initiatives. We engaged our internal valuation specialists to assist us in reviewing the valuation model and discount rates used. In addition, we reviewed management's analysis of the sensitivity of the recoverable amount to changes in the respective assumptions. We have also assessed the adequacy and appropriateness of the disclosures in the financial statements in Note 6 and Note 7 of the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Other information (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
3 April 2017

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	4	31,940	342	14,874	–
Investment property	5	–	–	2,954	–
Intangible assets	6	3,638	–	–	–
Investment in subsidiaries	7	–	–	36,706	–
Investment in joint ventures	8	819	–	–	–
Investment in associates	9	598	–	–	–
Trade and other receivables	11	65	309	60	–
		37,060	651	54,594	–
Current assets					
Inventories	10	2,458	25	–	–
Trade and other receivables	11	8,741	6,712	50	–
Tax recoverable		178	–	–	–
Prepaid operating expenses		354	239	139	42
Amounts due from subsidiaries	12	–	–	6,716	–
Amount due from a joint venture	13	45	–	–	–
Cash and cash equivalents	15	19,829	1,936	15,048	–
		31,605	8,912	21,953	42
Total assets		68,665	9,563	76,547	42
Equity and liabilities					
Current liabilities					
Trade and other payables	16	5,382	2,361	603	647
Deferred revenue		896	88	–	–
Accrued operating expenses		1,296	651	235	121
Finance lease	32	30	43	30	–
Bank loan	17	833	–	833	–
Amount due to a joint venture	13	57	–	–	–
Amount due to a non-controlling interest	18	26	–	–	–
Amount due to a shareholder	19	–	3,000	–	–
Income tax payable		294	258	–	–
		8,814	6,401	1,701	768
Net current assets/(liabilities)		22,791	2,511	20,252	(726)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Finance lease	32	15	72	15	–
Bank loan	17	11,364	–	11,364	
Deferred tax liabilities	28	1,038	219	–	–
		12,417	291	11,379	–
Total liabilities		21,231	6,692	13,080	768
Net assets/(liabilities)		47,434	2,871	63,467	(726)
Equity					
Share capital	20	61,644	–	61,644	–
Merger reserve	21	(16,291)	1,000	–	–
Foreign currency translation reserve	22	49	–	–	–
Employee share option reserve	23	183	–	183	–
Retained earnings/(accumulated losses)		1,625	1,871	1,640	(726)
		47,210	2,871	63,467	(726)
Non-controlling interests		224	–	–	–
Total equity/(deficit)		47,434	2,871	63,467	(726)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Revenue	24	36,150	20,522
Cost of sales		(29,346)	(17,315)
Gross profit		6,804	3,207
Other operating income	25	1,907	3,201
Distribution and selling expenses		(1,727)	(128)
Administrative expenses		(5,810)	(3,462)
Finance costs		(110)	(2)
Listing expenses		(339)	(653)
Share of results of joint ventures and associates		273	–
Profit before tax	26	998	2,163
Income tax expense	28	(78)	(440)
Profit for the year		920	1,723
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		38	–
Share of foreign currency translation of joint venture and associates		12	–
Total comprehensive income for the year		970	1,723
Profit for the year attributable to:			
Owner of the Company		954	1,723
Non-controlling interests		(34)	–
Total comprehensive income for the year		920	1,723
Total comprehensive income attributable to:			
Owner of the Company		1,003	1,723
Non-controlling interests		(33)	–
Total comprehensive income for the year		970	1,723
Earnings per share (cents per share):			
Basic and diluted earnings per share	29	0.25	1.20

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Employee share option reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	–*	1,000	–	–	1,871	–	2,871
Profit for the year	–	–	–	–	954	(34)	920
Other comprehensive income							
Foreign currency translation	–	–	37	–	–	1	38
Share of foreign currency translation of joint venture and associates	–	–	12	–	–	–	12
Other comprehensive income for the year, net of tax	–	–	49	–	–	1	50
Total comprehensive income for the year	–	–	49	–	954	(33)	970
Contributions by and distributions to owners							
Issuance of shares pursuant to IPO	28,000	–	–	–	–	–	28,000
Share issuance expense	(939)	–	–	–	–	–	(939)
Issuance of shares pursuant to the Restructuring Exercise	34,583	(17,291)	–	–	–	–	17,292
Grant of equity-settled share options to employees (Note 27)	–	–	–	183	–	–	183
Capital contribution from non-controlling interest in subsidiaries	–	–	–	–	–	257	257
Dividends on ordinary shares (Note 30)	–	–	–	–	(1,200)	–	(1,200)
At 31 December 2016	61,644	(16,291)	49	183	1,625	224	47,434
At 1 January 2015	–	1,000	–	–	148	–	1,148
At date of incorporation, 14 August 2015	–*	–	–	–	–	–	–*
Profit for the year, representing total comprehensive income for the year	–	–	–	–	1,723	–	1,723
At 31 December 2015	–*	1,000	–	–	1,871	–	2,871

*Denotes less than $1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Share capital	Employee share option reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
Company				
At 1 January 2016	–	–	(726)	(726)
Profit for the year, representing total comprehensive income for the year	–	–	3,566	3,566
Contributions by and distributions to owners				
Issuance of shares pursuant to IPO	28,000	–	–	28,000
Share issuance expense	(939)	–	–	(939)
Issuance of shares pursuant to the Restructuring Exercise	34,583	–	–	34,583
Grant of equity-settled share options to employees	–	183	–	183
Dividends on ordinary shares	–	–	(1,200)	(1,200)
	61,644	183	(1,200)	60,627
At 31 December 2016	61,644	183	1,640	63,467
At date of incorporation, 14 August 2015	–*	–	–	–*
Loss for the year, representing total comprehensive income for the year	–	–	(726)	(726)
At 31 December 2015	–*	–	(726)	(726)

*Denotes less than $1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	2016	2015
		$'000	$'000
Operating activities:			
Profit before tax		998	2,163
Adjustments for:			
Share issuance expense charged to income statement		339	653
Depreciation of property, plant and equipment	4	1,414	81
Amortisation of intangible assets	6	218	–
Loss on disposal of property, plant and equipment	26	25	–
Interest income	25	(216)	–
Allowance for stock obsolescence	10	19	30
Write back of allowance for stock obsolescence	10	(1)	–
Write back of allowance for doubtful debts		(50)	–
Receipt and recognition of deferred revenue, net		88	88
Share of results of joint ventures and associates		(273)	–
Unrealised exchange loss		54	–
Finance costs		110	2
Grant of equity-settled share options to employees		183	–
Operating cash flows before working capital changes		2,908	3,017
Increase in inventories		(1,262)	(4)
Decrease/(increase) in trade and other receivables		1,025	(2,584)
Increase in prepaid operating expenses		(71)	(152)
Increase in amount due from a joint venture		(11)	–
Increase in trade and other payables		1,112	1,662
Increase/(decrease) in accrued operating expenses		43	(167)
Cash flows from operations		3,744	1,772
Interest received		203	–
Interest paid		(110)	(2)
Tax paid		(258)	(27)
Net cash flows from operating activities		3,579	1,743
Investing activities:			
Proceeds from disposal of property, plant and equipment		248	–
Purchase of property, plant and equipment	A	(18,984)	(189)
Dividend income from a joint venture		45	–
Net cash inflow from acquisition of subsidiaries	7	2,936	–
Net cash flows used in investing activities		(15,755)	(189)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	2016	2015
		$'000	$'000
Financing activities:			
Decrease/(increase) in fixed deposits pledged		172	(241)
Capital contribution from non-controlling interest in subsidiaries		257	–
Proceeds from issuance of shares	20	28,000	–
Share issuance expense capitalised against share capital	20	(939)	–
Share issuance expense charged to profit or loss		(339)	(653)
Dividend paid on ordinary shares	30	(1,200)	–
Dividend paid on ordinary shares to the then existing shareholders of SSPL		(4,949)	–
Repayment of finance lease		(130)	(17)
Amount due from director		–	200
Proceeds from bank loan		13,655	–
Repayment of bank loan		(1,458)	(1)
Repayment of shareholder loan		(3,000)	–
Net cash flows from/(used in) financing activities		30,069	(712)
Net increase in cash and cash equivalents		17,893	842
Cash and cash equivalents at 1 January		1,936	1,094
Cash and cash equivalents at 31 December	15	19,829	1,936

Note to the statement of cash flows

A. Purchase of property, plant and equipment

		2016	2015
		$'000	$'000
Aggregate cost of plant and equipment acquired	4	19,044	322
Less: Amount relating to hire purchase		(60)	(133)
Cash payments made to acquire property, plant and equipment		18,984	189

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Secura Group Limited (the "Company") was incorporated in Singapore on 14 August 2015 under the Companies Act as a private company limited by shares, under the name of Secura Group Pte. Ltd. On 14 January 2016, the Company was converted into a public limited company and its name was changed to Secura Group Limited in connection with the conversion.

The registered office and principal place of business is at 38 Alexandra Terrace, Singapore 119932.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

Restructuring exercise

On 13 January 2016, the Company entered into a sale and purchase agreement with the shareholders of Soverus Group Pte. Ltd. ("SGPL") and Secura Singapore Pte. Ltd. ("SSPL") to acquire 100% equity interest in SGPL and its subsidiaries ("SGPL group") and SSPL and its subsidiaries ("SSPL group"). The consideration was paid in full with the allotment and issuance of 287,999,900 new shares of the Company to the shareholders (the "Restructuring Exercise").

Following the Restructuring Exercise, the Company became the sole shareholder of SGPL and SSPL with effect from 16 January 2016.

In connection with the Initial Public Offering ("IPO") of the Company, 112,000,000 Invitation Shares were issued at $0.25 each, with 224,000,000 free detachable warrants. Each warrant carries the right to subscribe for one converted share at the exercise price of $0.35 for each converted share, on the basis of two warrants for every one Invitation Share.

The exercise period of the warrants commences on 26 January 2016 for a period of three years and expires on 25 January 2019.

The IPO raised gross proceeds and net proceeds of $28,000,000 and $26,100,000 respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or $) and all values are rounded to the nearest thousand ($'000), except where otherwise indicated.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 Disclosure Initiative	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 116 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

During the current financial year, management performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group derived revenue from the sales of goods and the provision of services. Based on management's preliminary assessment, management does not expect the adoption of FRS 115 to have a material impact on the revenue recognition policy for sales of goods. The Group usually only has one performance obligation per contract with no variable consideration nor right of returns. Revenue is recognised when the customer obtains control of the promised goods or services.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

<u>FRS 115 *Revenue from Contracts with Customers (continued)*</u>

For the provision of services, revenue may comprise multiple-element arrangements. Allocation of selling price is required to separately identifiable components based on stand-alone selling price. For contracts with multiple-element arrangements, management is of the view that the selling price for each element is reflective of the standalone selling price. Hence, management does not expect the adoption of FRS 115 to have a material impact on the revenue recognised.

In addition, FRS 115 has more application guidance to determine the appropriate measure of progress to recognise revenue over time and this include both the “input method” and “output method”. Management does not expect this to have a significant impact on the cyber security and consultancy services as their current recognition method is similar to the “input method” under the new standard.

The Group plans to adopt the new standard on the required effective date.

<u>FRS 116 *Leases*</u>

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of ‘low value’ assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation (“EBITDA”) and gearing ratio.

2.4 Basis of consolidation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

(a) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method unless the business combination involves entities under common control. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

(b) Business combinations and goodwill (continued)

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Both the Company and SGPL were under common control and the pooling interest method has been applied in accounting for the SGPL Group in the consolidated financial statements. Accordingly, comparatives of the Group for the financial year ended 31 December 2015 reflect the combination as if it had occurred from the beginning of the financial year.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(a) Transactions and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (continued)

2.8 Joint ventures and associates (continued)

Under the equity method, the investment in associates or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates or joint ventures are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate or joint venture used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and improvements	–	5 - 50 years
Plant and machinery	–	3 - 15 years
Furniture and fittings	–	4 - 15 years
Office equipment	–	1 - 10 years
Motor vehicles	–	1 - 10 years

Freehold land has an unlimited useful life and therefore is not depreciated.

Assets under construction are not depreciated as these assets are not yet available for use.

2. Summary of significant accounting policies (continued)

2.10 Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Investment property

Investment property is owned by the Company to earn rentals, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (continued)

2.12 Intangible assets (continued)

Customer relationships

Customer relationships acquired in business combinations are amortised on a straight line basis over estimated finite useful life of five years.

2.13 Impairment of non-financial asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.14 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. Summary of significant accounting policies (continued)

2.16 Impairment of financial assets (continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a first-in first-out basis.

– Finished goods manufactured and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

– Finished goods purchased: costs are recognised based on weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (continued)

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the scheme are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.20 Leases – As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue from sale of goods relating to security printing, cyber security, homeland security, technology and systems integration is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from the provision of security guarding and security consultancy and services is recognised over the period the services are performed.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2. Summary of significant accounting policies (continued)

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (continued)

2.22 Taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (continued)

2.23 Contingencies (continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other operating income".

2.27 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Assumptions concerning the future and other key sources of estimation uncertainty and accounting judgements made at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(a) Acquisition of subsidiaries – identification and valuation of intangible assets

On 13 January 2016, the Company entered into a sale and purchase agreement to acquire 100% equity interest in SSPL Group for $17,292,000. The purchase consideration was settled in full with the allotment and issuance of new shares of the Company to the then-shareholders of SSPL. Subsequently, on 16 June 2016, the Group entered into another sale and purchase agreement to acquire 100% equity interest in RSPL for a total cash consideration of $2,526,000.

The acquisition of both the SSPL Group and RSPL were accounted for using the acquisition method where the Group performed a PPA exercise as disclosed in Note 7. The significant judgement and estimates involved in the PPA exercise mainly relate to the identification and valuation of intangible assets, and measurement of the fair value of the purchase consideration and the acquired assets and liabilities. If the fair value of the identified intangible assets had been 5% higher than management estimate, the goodwill net of tax would have been $56,000 lower and should the fair value of the purchase consideration for SSPL Group increase by 5%, goodwill would have been $865,000 higher.

(b) Impairment of goodwill and investment in subsidiaries

As at 31 December 2016, the Group's carrying amount of goodwill amounted to $2,512,000 and the Company's carrying amount of the investment in subsidiaries amounted to $36,706,000. As part of the requirement under FRS 36 Impairment of Assets to perform impairment testing for non-financial assets, including goodwill and investment in subsidiaries, management prepared a discounted cash flow model to determine the recoverable value of the cash generating units ("CGUs") which goodwill have been allocated to and the recoverable amount of the respective subsidiaries using the value in use model. The recoverable amounts are determined based on a number of significant operational and predictive assumptions such as forecasted revenue, growth rate, profit margin and discount rate which involves significant estimates.

The assumptions applied by management in the determination of value in use and sensitivity analysis for goodwill impairment are described in more detail in Note 7. Based on the discounted cash flow model prepared by management, a decrease in revenue growth rate by 3% would result in the recoverable amount of the respective subsidiaries being equal to the carrying amount of the investment in subsidiaries as at the end of the reporting period.

4. Property, plant and equipment

Group	Freehold land $'000	Buildings and improvements $'000	Construction in progress $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost								
At 1.1.2015	–	146	–	–	–	252	–	398
Additions	–	–	37	–	–	20	265	322
Disposals	–	–	–	–	–	(111)	–	(111)
At 31.12.2015 and 1.1.2016	–	146	37	–	–	161	265	609
Reclassification	–	–	(37)	–	45	(8)	–	–
Acquisition of subsidiaries (Note 7)	1,970	8,225	–	3,913	25	61	61	14,255
Additions	12,500	4,576	950	435	178	146	259	19,044
Disposals	–	(146)	–	(77)	(44)	(72)	(265)	(604)
Currency realignment	(11)	(15)	–	(8)	–	–	–	(34)
At 31.12.2016	14,459	12,786	950	4,263	204	288	320	33,270
Accumulated depreciation								
At 1.1.2015	–	101	–	–	–	196	–	297
Depreciation charge for the year	–	27	–	–	–	43	11	81
Disposals	–	–	–	–	–	(111)	–	(111)
At 31.12.2015 and 1.1.2016	–	128	–	–	–	128	11	267
Reclassification	–	–	–	–	40	(40)	–	–
Depreciation charge for the year	–	520	–	789	9	52	44	1,414
Disposals	–	(146)	–	(45)	(44)	(74)	(22)	(331)
Currency realignment	–	(14)	–	(6)	–	–	–	(20)
At 31.12.2016	–	488	–	738	5	66	33	1,330
Net carrying amount								
At 31.12.2015	–	18	37	–	–	33	254	342
At 31.12.2016	14,459	12,298	950	3,525	199	222	287	31,940

4. Property, plant and equipment (continued)

Company	Freehold land $'000	Buildings and improvements $'000	Construction in progress $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost							
At 14.8.2015 (date of incorporation), 31.12.2015 and 1.1.2016	–	–	–	–	–	–	–
Additions	12,500	1,515	523	82	57	236	14,913
At 31.12.2016	12,500	1,515	523	82	57	236	14,913
Accumulated depreciation							
At 14.8.2015 (date of incorporation), 31.12.2015 and 1.1.2016	–	–	–	–	–	–	–
Depreciation charge for the year	–	20	–	1	4	14	39
At 31.12.2016	–	20	–	1	4	14	39
Net carrying amount							
At 31.12.2015	–	–	–	–	–	–	–
At 31.12.2016	12,500	1,495	523	81	53	222	14,874

4. Property, plant and equipment (continued)

Assets held under finance leases

During the current financial year, the Group and the Company acquired a motor vehicles with an aggregate cost of $236,000 (2015: $265,000) by means of a finance lease. The cash outflow on acquisition amounted to $176,000 (2015: $133,000).

The carrying amount of motor vehicle held under finance lease at the end of the reporting period is $222,000 (2015: $254,000). Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's freehold land and building with a carrying amount of $16,932,000 (2015: nil) are mortgaged to secure the Group's bank loan (Note 17).

Temporary idle property, plant and equipment

Included in the carrying amount of buildings and improvements is an amount of $494,000 (2015: nil) which relates to a building owned by Secura Security Printing Sdn. Bhd. ("SSP"), a subsidiary of the Group, which has ceased business in July 2015. Following the cessation of SSP's business, the building has since been left vacant and unoccupied. As at the end of the reporting period, management has estimated the recoverable amount of the building based on its fair value less costs to sell which is derived based on a comparable market transactions that consider sales of similar properties that have been transacted in the open market. Based on management's assessment, the recoverable amount is higher than the carrying amount and accordingly, no impairment loss was recognised in the current financial year.

5 Investment property

Company	**Total**
	$'000
Cost:	
At 14.8.2015 (date of incorporation), 31.12.2015 and 1.1.2016	–
Additions	2,993
At 31.12.2016	2,993
Accumulated depreciation	
At 14.8.2015 (date of incorporation), 31.12.2015 and 1.1.2016	–
Depreciation charge for the year	39
At 31.12.2016	39
Net carrying amount	
At 31.12.2015	–
At 31.12.2016	2,954

5. Investment property (continued)

The investment property is leased to certain subsidiaries within the Group. Accordingly, the leased property is classified as "investment property" in the Company's separate financial statement but classified as "property, plant and equipment" in the Group's consolidated financial statement as the property is owner-occupied from the Group's perspective. The investment property is mortgaged to secure bank loan (Note 17).

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

As at 31 December 2016, the fair value of the investment property is estimated to be approximately $6,200,000 based on the income approach.

6. Intangible assets

	Goodwill	Customer relationship	Total
Group	$'000	$'000	$'000
Cost:			
At 14.8.2015 (date of incorporation), 31.12.2015 and 1.1.2016	–	–	–
Acquisition of subsidiaries (Note 7)	2,512	1,344	3,856
At 31.12.2016	2,512	1,344	3,856
Accumulated amortisation			
At 14.8.2015 (date of incorporation), 31.12.2015 and 1.1.2016	–	–	–
Amortisation	–	218	218
At 31.12.2016	–	218	218
Net carrying amount			
At 31.12.2015	–	–	–
At 31.12.2016	2,512	1,126	3,638

Impairment testing of goodwill and customer relationships

Goodwill and customer relationship acquired through business combinations have been allocated to two cash-generating units (CGU), which are also the reportable operating segments, for impairment testing as follows:

- Security printing segment
- Cyber security segment

6. Intangible assets (continued)

Impairment testing of goodwill and customer relationships (continued)

The carrying amounts of goodwill and customer relationships allocated to each CGU are as follows:

	Goodwill		Customer relationship		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Security printing	994	–	874	–	1,868	–
Cyber security	1,518	–	252	–	1,770	–
	2,512	–	1,126	–	3,638	–

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The revenue growth rates and pre-tax discount rates applied to the cash flow projections are as follows:

	Security printing		Cyber security	
	2016	2015	2016	2015
Revenue growth rates	0%	–	5%	–
Pre-tax discount rates	10.5%	–	10.5%	–

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Revenue growth rates – The forecasted revenue growth rates are based on management's expectation of market developments and demands.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

6. Intangible assets (continued)

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the security printing segment, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the security printing CGU to materiality exceed its recoverable amount.

For the cyber security segment, the estimated recoverable amount exceeds its carrying amount by approximately $474,000 (2015: nil) and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

Revenue growth rates – Management recognises that the rapid technological change in the cyber security market as well as the proliferation of new and changing computer viruses and malware programs may affect the revenue growth rate. A decrease of 2% in the revenue growth rate would result in the recoverable amount of the cyber security CGU to decrease such that it will approximate its carrying amount and any further decrease will result in an impairment loss.

7. Investment in subsidiaries

	Company	
	2016	**2015**
	$'000	$'000
Unquoted equity shares at cost	2,123	–
Issuance of shares for acquisition of subsidiary	34,583	–
	36,706	–

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest %	
			2016	**2015**
Held by the Company				
Secura Singapore Pte. Ltd.[1]	Security printing of value documents	Singapore	100	–
Soverus Group Pte. Ltd. ("SGPL")[1]	Investment holding	Singapore	100	100
Secura Malaysia Sdn. Bhd.[5]	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Malaysia	50	–

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest % 2016	2015
Held by the Company (continued)				
Secura (Thailand) Co., Ltd.[(4)]	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Thailand	45	–
Soverus Technology Pte. Ltd.[(1)]	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Singapore	100[(6)]	100[(6)]
Held through Secura Singapore Pte. Ltd.				
Secura Forms Pte. Ltd.[(1)]	Printing of computer forms and stationery	Singapore	100	–
Secura Security Printing Sdn. Bhd.[(2),(3)]	Dormant	Malaysia	100	–
Secura Documation Pte. Ltd.[(1)]	Provision of secured data solutions, eStatement, eArchiving, security data processing, printing and stationery	Singapore	70	–
Held through Soverus Group Pte. Ltd.				
Soverus Pte. Ltd.[(1)]	Provision of unarmed security guarding services	Singapore	100	100
Soverus Consultancy and Services Pte. Ltd.[(1)]	Provision of security consultancy services and private investigations	Singapore	100	100
Held through Soverus Technology Pte. Ltd.				
Red Sentry Pte. Ltd.[(1)]	Provision of cyber security products, services and solutions	Singapore	100	–
Held through Soverus Consultancy and Services Pte. Ltd.				
Soverus Kingdom Systems Pte. Ltd.[(1)]	Provision of security system integration services	Singapore	100	–

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

(1) Audited by Ernst & Young LLP, Singapore

(2) Secura Security Printing Sdn. Bhd. ceased business in July 2015 and is dormant

(3) Audited by Y.C.Chong & Co, Malaysia

(4) Audited by B2K Advisory Co., Ltd., Thailand

(5) Audited by Baker Tilly Monteiro Heng

(6) 80% held by the Company and 20% held by SGPL as at 31 December 2016 (2015: 100% held by SGPL)

Secura Malaysia Sdn. Bhd. ("Secura Malaysia")

On 14 September 2016, the Company entered into an agreement with Willowglen MSC Berhad ("Willowglen") to establish Secura Malaysia. The Company subscribed for a 50% interest in Secura Malaysia for a cash consideration of MYR 150,000 (equivalent to $50,000).

Secura Malaysia has not commenced operations as at 31 December 2016. The Board of Directors is made up of four directors equally appointed by the Company and Willowglen. The Chairman has the casting vote and the Chairman is appointed on a two years rotational basis between the directors appointed by the Company and Willowglen. The first appointment of Chairman is from a director appointed by the Company. Accordingly, Secura Malaysia is consolidated as a subsidiary as the Company by virtue of its casting vote at board meetings, has control over Secura Malaysia. The Company is exposed, or has rights, to variable returns from its involvement and has the ability to affect the returns through its power over the investee.

Secura (Thailand) Co., Ltd. ("Secura Thailand")

On 17 October 2016, the Company entered into an agreement with Mr. Visanu Prasattongosoth and Mrs. Uchanya Prasattongosoth (collectively, the "Prasattongosoth"), to establish Secura Thailand. The Company subscribed for a 45% interest in Secura Thailand for a cash consideration of THB 1,800,000 (equivalent to $72,000).

The Board of Directors is made up of four directors equally appointed by the Company and the Prasattongosoth. The Chairman has the casting vote and the Chairman is appointed by the Company. Accordingly, Secura Thailand is consolidated as a subsidiary as the Company by virtue of its casting vote at board meetings, has control over Secura Thailand. The Company is exposed, or has rights, to variable returns from its involvement and has the ability to affect the returns through its power over the investee.

Secura Documation Pte. Ltd. ("Secura Documation")

On 6 October 2016, Secura Singapore Pte. Ltd. entered into an agreement with Mr. Hee Kam Fatt ("HKF"), to establish Secura Documation. The Company subscribed for a 70% interest in Secura Documation for a cash consideration of $280,000.

The Board of Directors is made up of three directors, where two directors are appointed by the Company and one director by HKF. As the Company has the majority board seats and voting rights, Secura Documation is consolidated as a subsidiary of the Company.

7. Investment in subsidiaries (continued)

(b) Acquisition of subsidiaries

(i) Secura Singapore Pte. Ltd. ("SSPL")

On 13 January 2016, the Company entered into a sale and purchase agreement with the then-shareholders to acquire 100% shares of SSPL via the allotment and issuance of 144,000,000 new shares of the Company. Upon the acquisition, SSPL became a wholly-owned subsidiary of the Group. The acquisition of SSPL was effected pursuant to the restructuring exercise in relation to the Initial Public Offering of the Company on 28 January 2016. Management has finalised the PPA exercise as at the end of the reporting period.

The fair value of the identifiable assets and liabilities of SSPL as at the acquisition dates were:

	Fair values recognised on acquisition SSPL
	$'000
Property, plant and equipment	14,206
Investment in joint ventures	750
Investment in associates	427
Customer relationships	1,092
Inventories	1,186
Trade and other receivables	2,354
Tax recoverable	203
Prepaid operating expenses	45
Amount due from a joint venture	28
Cash and cash equivalents	4,183
	24,474
Trade and other payables	1,218
Deferred revenue	436
Accrued operating expenses	509
Amount due to a joint venture	51
Income tax payable	160
Dividend payable	4,949
Deferred tax liabilities	853
	8,176
Total identifiable net assets at fair value	16,298
Goodwill arising from acquisition	994
	17,292

7. Investment in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

(i) Secura Singapore Pte. Ltd. ("SSPL") (continued)

	Fair values recognised on acquisition SSPL
	$'000
Consideration transferred for the acquisition	
Equity instruments issued (144,000,000 ordinary shares of the Company), representing total consideration transferred	17,292
Effect of the acquisition on cash flows	
Total consideration for 100% equity interest acquired	17,292
Less: non-cash consideration	(17,292)
Consideration settled in cash	–
Less: Cash and cash equivalents of subsidiaries acquired	(4,183)
Net cash inflow on acquisition	4,183

Equity instruments issued as part of consideration transferred

In connection with the acquisition of 100% equity interest in SSPL, Secura Group Limited issued 144,000,000 ordinary shares with a fair value of $17,292,000. The fair value of these shares is based on the market approach valuation of SSPL.

Trade and other receivables acquired

The fair value of trade and other receivables is $2,354,000 and includes trade receivables with a fair value of $1,797,000. The gross contracted amount for trade receivables due is $1,807,000, of which $10,000 is expected to be uncollectible.

Goodwill arising from acquisition

The goodwill of $994,000 relates to management's expectations of strengthening the Group's market position and synergies expected to arise from the acquisition. Goodwill is allocated entirely to the security printing segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

(ii) Red Sentry Pte. Ltd. ("RSPL")

On 30 June 2016, wholly-owned subsidiary, Soverus Technology Pte. Ltd., entered into a sale and purchase agreement with the then-shareholders of RSPL to acquire 100% of the shares of RSPL for a cash consideration of $2,526,000. Upon the acquisition, RSPL became a wholly-owned subsidiary of the Group.

7. Investment in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

(ii) Red Sentry Pte. Ltd. ("RSPL") (continued)

The Company believes that the cyber security business of RSPL will complement and further boost the Group's existing cyber security business, allowing the Group to expand its cyber security offerings and enlarge its market share in Singapore. Management has performed a preliminary PPA exercise as at the end of the reporting period and has up to 12 months from the date of acquisition to complete and finalise the PPA exercise. Provisional goodwill arising from the preliminary PPA exercise amounted to $1,518,000.

The provisional fair values of the identifiable assets and liabilities of RSPL as at the acquisition date were:

	Provisional fair values recognised on acquisition
	RSPL
	$'000
Property, plant and equipment	48
Customer relationships	252
Inventories	19
Trade and other receivables	540
Cash and cash equivalents	778
	1,637
Trade and other payables	191
Deferred revenue	301
Accrued operating expenses	92
Deferred tax liabilities	45
	629
Total identifiable net assets at fair value	1,008
Provisional goodwill arising from acquisition	1,518
	2,526
<u>Consideration transferred for the acquisition</u>	
Cash paid	2,025
Deferred cash settlement	501
Total consideration transferred	2,526
<u>Effect of the acquisition on cash flows</u>	
Consideration settled in cash	2,025
Less: Cash and cash equivalents of subsidiaries acquired	(778)
Net cash outflows on acquisition	(1,247)

7. Investment in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

(ii) Red Sentry Pte. Ltd. ("RSPL") (continued)

Trade and other receivables acquired

The fair value of trade and other receivables is $540,000 and includes trade receivables with a fair value of $521,000. The gross contracted amount for trade receivables due approximates fair value and all the trade receivables are expected to be collectible.

Goodwill arising from acquisition

The goodwill of $1,518,000 relates to management's expectations of strengthening the Group's market position and synergies expected to arise from the acquisition. Goodwill is allocated entirely to the cyber security segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, RSPL has contributed $1,043,000 of revenue and $43,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue would have been $37,173,000 and the Group's profit, net of tax would have been $837,000.

Provisional accounting for the acquisition

As at 31 December 2016, the goodwill amounting to $1,518,000 arising from the acquisition of RSPL has been determined on a provisional basis as the final results of the independent valuation have not been received by the date the financial statements was authorised for issue. Goodwill arising from this acquisition, customer relationships, the carrying amount of deferred revenue, deferred tax liability and amortisation of the customer relationships will be adjusted accordingly on a retrospective basis when the PPA exercise is finalised.

8. Investment in joint ventures

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
On acquisition of SSPL	750	–	–	–
Share of post-acquisition reserves	108	–	–	–
Share of other comprehensive income	6	–	–	–
Less: dividend income[(1)]	(45)	–	–	–
	819	–	–	–

(1) Dividend income of $45,000 (2015: nil) was received from Secura Foremost eMage Pte. Ltd.

8. Investment in joint ventures (continued)

The details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Effective interest % 2016	Effective interest % 2015
Secura Foremost eMage Pte. Ltd.[1]	Printing of pressure seal mailers and sale of pressure seal mailer equipment	Singapore	50	–
Foremost Secura Corporation [2]	Printing of cheques and vouchers	Taiwan	50	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Deloitte & Touche

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the joint ventures, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2016 $'000	2015 $'000
Summarised balance sheet		
Assets:		
Current assets	1,123	–
Non-current assets	142	–
Total assets	1,265	–
Liabilities:		
Current liabilities	213	–
Total liabilities	213	–
Net assets	1,052	–
Proportion of the Group's ownership	50%	–
Group's share of net assets	526	–
Fair value adjustment on acquisition of SSPL	293	–
Carrying amount as at 31 December	819	–
Summarised statement of comprehensive income		
Revenue	1,388	–
Other income	19	–
Expenses	(1,191)	–
Profit for the year	216	–
Other comprehensive income	12	–
Total comprehensive income	228	–

9. Investment in associates

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
On acquisition of SSPL	427	–	–	–
Share of post-acquisition reserves	165	–	–	–
Share of other comprehensive income	6	–	–	–
	598	–	–	–

Name of associates	Principal activities	Country of incorporation	Effective interest % 2016 %	Effective interest % 2015 %
Held through Secura Singapore Pte. Ltd.				
Secura Bangladesh Ltd.[1]	Printing of cheques	Bangladesh	30	–
Held through Secura Security Printing Sdn. Bhd.				
Secura Marketing (M) Sdn. Bhd.	Dormant (in the process of being struck off)	Malaysia	20	–

(1) Audited by Anisur Rahman & Co. Chartered Accountants

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's operating associate, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2016 $'000	2015 $'000
Summarised balance sheet		
Assets:		
Current assets	2,175	–
Non-current assets	1,468	–
Total assets	3,643	–
Liabilities:		
Current liabilities	1,591	–
Total liabilities	1,591	–
Net assets	2,052	–
Proportion of the Group's ownership	30%	–
Group's share of net assets	616	–
Fair value adjustment on acquisition of SSPL	(18)	–
Carrying amount as at 31 December	598	–

9. Investment in associates (continued)

	2016 $'000	2015 $'000
Summarised statement of comprehensive income		
Revenue	3,010	–
Other income	28	–
Expenses	(2,488)	–
Profit for the year	550	–
Other comprehensive income	20	–
Total comprehensive income	570	–

10. Inventories

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance sheet:				
Raw materials	451	–	–	–
Work-in-progress	177	–	–	–
Finished goods	254	–	–	–
Machinery spares and consumables	800	55	–	–
Goods in transit	925	–	–	–
	2,607	55	–	–
Less: Allowance for stock obsolescence	(149)	(30)	–	–
Total inventories at lower of cost and net realisable value	2,458	25	–	–

Movements in allowance for stock obsolescence during the financial year:

	2016 $'000	2015 $'000
At 1 January	30	–
Acquisition of subsidiaries	101	–
Charge for the year	19	30
Written back	(1)	–
At 31 December	149	30
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	5,318	650

11. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current				
Loan to subsidiary	–	–	60	–
Fixed deposits pledged	55	279	–	–
Deposits	10	30	–	–
	65	309	60	–
Current				
Trade receivables	7,016	4,242	–	–
Accrued income	44	–	–	–
Other receivables	723	1,787	18	–
Fixed deposits pledged	648	596	–	–
Deposits	310	87	32	–
	8,741	6,712	50	–
Total trade and other receivables	8,806	7,021	110	–
Add:				
Amounts due from subsidiaries (Note 12)	–	–	6,716	–
Amount due from a joint venture (Note 13)	45	–	–	–
Cash and cash equivalents (Note 15)	19,829	1,936	15,048	–
Total loans and receivables	28,680	8,957	21,874	–

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables of approximately $2,886,000 (2015: $2,238,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2016	2015
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	1,994	1,313
30 to 60 days	627	614
61 to 90 days	143	260
More than 90 days	122	51
	2,886	2,238

11. Trade and other receivables (continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	–	–	–	–
On acquisition of subsidiaries	10	–	–	–
Written back	(10)	–	–	–
At 31 December	–	–	–	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
United States Dollar	51	19	–	–

12. Amounts due from subsidiaries

	Company	
	2016	2015
	$'000	$'000
Loans to subsidiaries	1,196	–
Amounts due from subsidiaries	5,520	–
	6,716	–

Loans to subsidiaries are unsecured, bear interest at three month SIBOR + 1.5% per annum, repayable upon demand and are to be settled in cash. The amount is denominated in Singapore Dollar.

Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash. The amount is denominated in Singapore Dollar.

13. Amounts due from/(to) a joint venture

Amounts due from/(to) a joint venture are unsecured, non-interest bearing and are repayable on demand. The amounts are denominated in Singapore Dollar.

14. Amount due from an associate

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Amount due from associate – nominal amounts	175	–	–	–
Less: Allowance for impairment	(175)	–	–	–
	–	–	–	–
Movement in allowance accounts:				
At 1 January	–	–	–	–
On acquisition of an associate	215	–	–	–
Written back	(40)	–	–	–
At 31 December	175	–	–	–

Amount due from an associate is unsecured, non-interest bearing and is repayable on demand. The amount is denominated in Singapore Dollar.

15. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Fixed deposits	11,555	–	11,500	–
Cash and bank balances	8,274	1,936	3,548	–
	19,829	1,936	15,048	–

Interest on fixed deposits with financial institutions are at rates ranging from 0.3% to 1.68% (2015: nil) per annum. These fixed deposits mature in varying periods.

15. Cash and cash equivalents (continued)

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Malaysian Ringgit	105	–	–	–
Thai Baht	154	–	–	–
United States Dollar	154	194	–	–

16. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables	2,519	558	–	–
Other payables	2,863	1,803	603	647
Trade and other payables	5,382	2,361	603	647
Add:				
Accrued operating expenses	1,296	651	235	121
Finance lease (Note 32)	45	115	45	–
Bank loan (Note 17)	12,197	–	12,197	–
Amount due to a joint venture (Note 13)	57	–	–	–
Amount due to a non-controlling interest (Note 18)	26	–	–	–
Amount due to a shareholder (Note 19)	–	3,000	–	–
Less: Goods and service tax	(500)	(308)	–	–
Total financial liabilities carried at amortised costs	18,503	5,819	13,080	768

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Euro	109	–	–	–
United States Dollar	1,242	116	–	–

Trade and other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 30 to 90 days' terms.

17. Bank loan

The bank loan relates to a commercial property loan. The loan bears interest at 0.88% per annum over the bank's prevailing three-month SIBOR for the first year, 1.08% per annum over the bank's prevailing three month SIBOR for the second year, 1.18% per annum over the bank's prevailing three-month SIBOR for third year and 3% per annum over the bank's prevailing three-month SIBOR for subsequent years.

The bank borrowing is secured by a mortgage over the Company's freehold land and building (Note 4) which is repayable over 180 monthly principal instalments ending 13 July 2031.

18. Amount due to a non-controlling interest

Amount due to a non-controlling interest is non-trade in nature, unsecured, interest-free, repayable on demand and is to be settled in cash.

The amount is denominated in Thai Baht (2015: nil).

19. Amount due to a shareholder

Amount due to a shareholder is non-trade in nature, unsecured, interest-free, repayable on demand and is to be settled in cash.

The amount is denominated in Singapore Dollars.

20. Share capital

	Group and Company			
	2016		2015	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares				
At 1 January	100	–*	–	–
Issuance of shares	–	–	100	–*
Issuance of shares pursuant to the Restructuring Exercise	287,999,900	34,583	–	–
Issuance of shares pursuant to the IPO	112,000,000	28,000	–	–
Share issuance expense	–	(939)	–	–
At 31 December	400,000,000	61,644	100	–*

*Denotes less than $1,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the respective subsidiaries. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

21. Merger reserve

Merger reserve represents the difference between the consideration transferred and the share capital of the subsidiary under common control accounted for by applying the pooling of interest method.

22. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

24. Revenue

Revenue represents sales of goods and provision of services in the normal course of business, net of returns and discounts.

25. Other operating income

	2016	**2015**
	$'000	$'000
Interest income from loans and receivables	216	–
Handling fee	368	–
Write-back of allowance for doubtful debts	50	–
Government grant income	1,075	3,116
Scrap sales	31	–
Rental income	24	–
Management fee from a joint venture	12	–
Others	131	85
	1,907	3,201

Government grant income comprises special employment credit, wage credit scheme, temporary employment credit and productivity and innovation credit grants.

26. Profit before tax

The following items have been included in arriving at profit before tax:

	2016 $'000	2015 $'000
Audit fees:		
- Auditor of the Company	185	87
- Other auditors	2	–
Non-audit fees:		
- Auditor of the Company	50	–
- Other auditors	1	–
Employee benefits (Note 27)	25,381	18,936
Depreciation of property, plant and equipment (Note 4)	1,414	81
Amortisation of intangible assets (Note 6)	218	–
Allowance for stock obsolescence (Note 10)	19	30
Directors' fees	190	25
Operating lease expenses	463	142
Loss on disposal of property, plant and equipment	25	–

In addition to the above, the Company also paid $70,000 (2015: $120,000) to the external auditor in relation to the audit fees for the Company's initial public offering.

27. Employee benefits (including directors)

	2016 $'000	2015 $'000
Wages, salaries and bonuses	21,166	15,852
Central Provident Fund contributions	2,066	1,688
Share-based payments expense	183	–
Other short-term benefits	1,966	1,396
	25,381	18,936

Employee share option plan

Secura Employee Share Option Scheme

Under the Secura Employee Share Option Scheme ("ESOS"), 18,400,000 share options are granted to the Group's Directors. The exercise price of the options is $0.25. The options are vested over five years in the following proportions

Year 1	15%
Year 2	15%
Year 3	20%
Year 4	20%
Year 5	30%

The contractual life of each option granted is 10 years and will expire on 8 May 2026. There are no cash settlement alternatives.

There has been no cancellation or modification to the ESOS during 2016.

As the share options were only granted during the year and there were no options which were vested, exercised or released during the year, a separate reconciliation of the movement of the share options has not been prepared.

27. Employee benefits (including directors) (continued)

Employee share option plan (continued)

Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using a Black Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. The weighted average fair value of options granted during the year was $0.042. It takes into account historic dividends, share price covariance of the Company to predict the distribution of relative share performance.

First year of vesting commenced 1 year from the date of grant.

Fair value of share options granted

The following table lists the inputs to the option pricing models for the years ended 31 December 2016:

	2016	2015
Dividend yield (%)	1.70	–
Expected volatility (%)	35.00	–
Risk-free interest rate (% p.a.)	1.81	–
Expected life of option (years)	5.5 to 7.5	–
Weighted average share price ($)	0.18	–

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The weighted average remaining life of the options is 9.36 years.

28. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	2016 $'000	2015 $'000
Current income tax		
- current year	245	216
- (over)/under provision in respect of previous years	(76)	9
Deferred income tax		
- origination and reversal of temporary differences	(118)	215
- under provision in respect of previous years	27	–
Income tax expense recognised in profit or loss	78	440

28. Income tax expense (continued)

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

	2016	2015
	$'000	$'000
Profit before tax	998	2,163
Tax at statutory rate of 17% (2015: 17%)	170	368
Adjustments:		
Income not subject to taxation	(5)	–
Non-deductible expenses	279	166
(Over)/under provision in respect of previous years:		
- current income tax	(76)	9
- deferred income tax	27	–
Effect of partial tax exemption and tax relief	(281)	(120)
Deferred tax assets not recognised	26	6
Tax effect of different tax rate in other countries	(11)	–
Share of results of joint ventures and associates	(46)	–
Others	(5)	11
Income tax expense recognised in profit or loss	78	440

Deferred tax

Deferred income tax as at 31 December relates to the following:

	Group			
	Balance sheet		Income statement	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Acquisition of subsidiaries	(835)	–	(147)	–
Differences in depreciation	(394)	(9)	135	5
Grant receivables	(116)	(249)	(119)	249
Deferred tax assets				
Provisions and other temporary differences	307	39	40	(39)
Net deferred tax liabilities	(1,038)	(219)		
			(91)	215

28. Income tax expense (continued)

Deferred tax (continued)

At the end of the financial year ended 31 December 2016, the Group has unutilised capital allowances, unutilised donations and unutilised tax losses of approximately $204,000 (2015: $106,000) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation.

29. Earnings per share

Basic earnings per share are calculated by dividing profit net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2016	2015
Earnings per ordinary share ("EPS"):		
Profit for the year attributable to owners of the Company ('000)	954	1,723
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	386,536	144,000
EPS - Basic and diluted (cents)	0.25	1.20

The weighted average number of shares for 2016 is calculated based on:

(a) The number of ordinary shares outstanding from the beginning of the year, up to date of completion of the Restructuring Exercise, amounted to 144,000,000 inclusive of shares issued by SGL for the acquisition of the SGPL Group.

(b) The number of ordinary shares outstanding from the completion of the Restructuring Exercise, up to the date of issuance of invitation shares comprising the number of shares in (a) and the 144,000,000 shares issued for the acquisition of the SSPL Group.

(c) The number of ordinary shares outstanding from the date of issuance of invitation shares, up to the end of reporting period comprising the number of shares in (a), (b) and the 112,000,000 invitation shares issued on 27 January 2016 in connection with the IPO.

30. Dividends

	2016	2015
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
First and final one-tier tax exempt dividend for 2015: $0.3 cents per share	1,200	–
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
First and final one-tier tax exempt dividend for 2016: $0.3 cents (2015: $0.3 cents) per share	1,200	1,200

31. Related party disclosures

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2016	2015
	$'000	$'000
Income		
Management fee from a joint venture	12	–
Sale to a joint venture	252	–
Sale to director-related companies	419	555
Expenses		
Purchases from a joint venture	308	–
Purchases from a director-related company	9	5

(b) *Compensation of key management personnel*

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly, or indirectly.

31. Related party disclosures (continued)

(b) *Compensation of key management personnel (continued)*

	2016	2015
	$'000	$'000
Short-term employee benefits	1,490	578
Central Provident Fund contributions	106	47
Share-based payment expense	183	–
Total compensation paid to key management personnel	1,779	625
Comprise amounts paid to:		
Directors of the Company	1,124	373
Other key management personnel	655	252
	1,779	625

<u>Directors' interest in employee share option plan</u>

During the financial year:

– 18,400,000 (2015: nil) share options were granted to all directors under the ESOS (Note 27) at an exercise price of $0.25 (2015: nil) each.

– None of the directors exercised their options for ordinary shares of the Company.

32. Commitments and guarantees

(a) *Operating lease commitments*

The Group has various operating lease commitments for freehold building, leasehold buildings and office premises. There are no restrictions placed upon the Group by entering into these leases.

Future minimum lease payments payable under non-cancellable operating leases at the end of the reporting period are as follows:

	2016	2015
	$'000	$'000
Not later than one year	349	210
Later than one year but not later than five years	660	187
Later than five years	1,336	–
	2,345	397

32. Commitments and guarantees (continued)

(b) *Finance lease commitments*

The Group has finance lease for a motor vehicle. The finance lease has a lease term of 24 (2015: 36) months.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Group				Company			
	2016	**2016**	**2015**	**2015**	**2016**	**2016**	**2015**	**2015**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Not later than one year	31	30	47	43	31	30	–	–
Later than one year but not later than five years	16	15	75	72	16	15	–	–
Total minimum lease payments	47	45	122	115	47	45	–	–
Less: Amounts representing finance charges	(2)	–	(7)	–	(2)	–	–	–
Present value of minimum lease payments	45	45	115	115	45	45	–	–

33. Segment information

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into four main operating business segments, namely:

(a) Security Printing

(b) Security Guarding

(c) Cyber Security

(d) Homeland Security, System Integration and Security Consultancy and Services

33. Segment information (continued)

	Corporate	Security Printing	Security Guarding	Cyber Security	Homeland Security, System Integration and Security Consultancy and Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2016							
Revenue:							
External customers	–	11,571	21,300	1,734	1,545	–	36,150
Inter-segment	2,310	–	–	7	356	(2,673)	–
Results:							
Interest income	219	–	–	–	–	(3)	216
Depreciation of property, plant and equipment	94	1,257	35	19	9	–	1,414
Amortisation of intangible assets	–	218	–	–	–	–	218
Share of results of joint ventures and associates	–	273	–	–	–	–	273
Segment profit/(loss)	(993)	1,286	1,000	(62)	(311)	–	920
Assets:							
Segment assets, representing total assets	40,918	14,882	7,668	1,524	3,683	(10)	68,665
Liabilities:							
Segment liabilities, representing total liabilities	14,828	4,646	5,201	1,228	3,270	(7,942)	21,231

33. Segment information (continued)

	Corporate	Security Printing	Security Guarding	Cyber Security	Homeland Security, System Integration and Security Consultancy and Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2015							
Revenue:							
External customers	–	–	18,823	589	1,110	–	20,522
Inter-segment	870	–	–	–	397	(1,267)	–
Results:							
Depreciation of property, plant and equipment	20	–	51	10	–	–	81
Segment profit/(loss)	(670)	–	2,326	(9)	135	(59)	1,723
Assets:							
Segment assets, representing total assets	2,901	–	8,261	323	1,088	(3,010)	9,563
Liabilities:							
Segment liabilities, representing total liabilities	4,490	–	4,328	267	557	(2,950)	6,692

33. Segment information (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of the Group's operations are as follows:

Revenue	**2016**	**2015**
	$'000	$'000
Singapore	36,150	20,522
Non-current assets		
Singapore	33,365	342
Malaysia	2,463	–
Taiwan	520	–
Bangladesh	598	–
Thailand	49	–
	36,995	342

Non-current assets information presented above consist of property, plant and equipment, intangible assets, investments in joint ventures and associates.

34. Contingent liabilities

The Company has undertaken to provide continuing financial support to its subsidiaries, Soverus Group Pte. Ltd., Soverus Technology Pte. Ltd. and Soverus Consultancy & Services Pte. Ltd., to enable these subsidiaries, which are in net current liabilities position, to operate as a going concern for a period of at least twelve months from the date of the financial statements of the subsidiaries.

35. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk. The board of directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. It is, and has been throughout the financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

35. Financial risk management objectives and policies (continued)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Credit risk concentration profile

There are no significant concentrations of credit risk within the Group.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (Trade and other receivables).

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currency in which these transactions are denominated is mainly United States Dollar (USD). The Group does not use any financial instrument to hedge the foreign currency rate risk as the risk exposure is not considered to be significant.

35. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the following exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	2016	2015
	$'000	$'000
	(Decrease)/increase in profit before tax	
USD/SGD		
- strengthened 3% (2015: 3%)	(31)	3
- weakened 3% (2015: 3%)	31	(3)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2016

Group	One year or less	One to five years	Total
	$'000	$'000	$'000
Financial assets:			
Trade and other receivables	8,741	65	8,806
Amount due from a joint venture	45	–	45
Cash and cash equivalents	19,829	–	19,829
Total undiscounted financial assets	28,615	65	28,680
Financial liabilities:			
Trade and other payables	4,882	–	4,882
Accrued operating expenses	1,296	–	1,296
Finance lease	31	16	47
Bank loan	1,069	13,892	14,961
Amount due to a joint venture	57	–	57
Amount due to a non-controlling interest	26	–	26
Total undiscounted financial liabilities	7,361	13,908	21,269
Total net undiscounted financial assets/ (liabilities)	21,254	(13,843)	7,411

35. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2015

Group	One year or less $'000	One to five years $'000	Total $'000
Financial assets:			
Trade and other receivables	6,712	309	7,021
Cash and cash equivalents	1,936	–	1,936
Total undiscounted financial assets	8,648	309	8,957
Financial liabilities:			
Trade and other payables	2,053	–	2,053
Accrued operating expenses	651	–	651
Finance lease	47	75	122
Amount due to shareholder	3,000	–	3,000
Total undiscounted financial liabilities	5,751	75	5,826
Total net undiscounted financial assets	2,897	234	3,131

35. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2016

Company	**One year or less**	**One to five years**	**Total**
	$'000	$'000	$'000
Financial assets:			
Loan to subsidiary	–	60	60
Trade and other receivables	50	–	50
Amounts due from subsidiaries	6,738	–	6,738
Cash and cash equivalents	15,048	–	15,048
Total undiscounted financial assets	21,836	60	21,896
Financial liabilities:			
Trade and other payables	603	–	603
Accrued operating expenses	235	–	235
Finance lease	31	16	47
Bank loan	1,069	13,892	14,961
Total undiscounted financial liabilities	1,938	13,908	15,846
Total net undiscounted financial assets/ (liabilities)	19,898	(13,848)	6,050
As at 31 December 2015			
Financial liabilities:			
Trade and other payables	647	–	647
Accrued operating expenses	121	–	121
Total undiscounted financial liabilities	768	–	768
Total net undiscounted financial liabilities	(768)	–	(768)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2015: nil) from the end of the reporting period.

The Group's policy is to manage interest cost using floating rate loans and borrowings, depending on the liquidity needs of the Group, with the objective of ensuring that there is sufficient net cash for the Group's operations at reasonable interest rates. The interest rates are determined based on ranges between 0.88% to 3.00% (2015: nil) plus the 3-month SIBOR.

35. Financial risk management objectives and policies (continued)

(d) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The sensitivity analysis below was determined based on the exposure to interest rate risks for bank borrowings at the end of the financial year. The sensitivity analysis assumes an instantaneous 0.50% change in the interest rate from the end of the financial year, with all variables held constant.

	Group	
	2016	**2015**
	$'000	$'000
	Increase/(decrease) in profit before tax	
Bank borrowings		
- increase in interest rate (2015: nil)	(61)	–
- decrease in interest rate (2015: nil)	61	–

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

37. Fair value of financial instruments

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	2016		**2015**	
	$'000		$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Finance lease (non-current)	16	15	75	69

38. Events occurring after the reporting period

On 1 March 2017, the Company incorporated a wholly-owned subsidiary in Singapore known as Secura Training Academy Pte. Ltd. (“STAPL”). The paid up capital of STAPL was $300,000. The principal activities of STAPL are to provide training and workshops in cyber security and security guarding.

39. Authorisation of financial statements

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 3 April 2017.

Number of ordinary shares in issue (excluding treasury shares)	:	400,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

As at 5 April 2017, the Company did not hold any treasury shares and subsidiary holdings.

Distribution of Shareholdings as at 5 April 2017

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	602	34.32	596,000	0.15
1,001 - 10,000	453	25.83	2,786,800	0.70
10,001 - 1,000,000	661	37.69	60,797,000	15.20
1,000,001 AND ABOVE	38	2.16	335,820,200	83.95
TOTAL	**1,754**	**100.00**	**400,000,000**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares	%
1	KESTREL INVESTMENTS PTE LTD	154,932,000	38.73
2	CITY DEVELOPMENTS LIMITED	27,294,900	6.82
3	PAUL LIM CHOON WUI (PAUL LIN CHUNWEI)	21,600,000	5.40
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	20,451,700	5.11
5	UOB KAY HIAN PRIVATE LIMITED	19,498,200	4.87
6	TAN CHOR KHER TERRY	6,259,000	1.56
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,882,000	1.47
8	CHAU MEI	5,575,500	1.39
9	DBS NOMINEES (PRIVATE) LIMITED	5,497,900	1.37
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,000,200	1.25
11	HARTONO TJAHJADI	4,299,700	1.07
12	RAFFLES NOMINEES (PTE) LIMITED	4,181,500	1.05
13	TAN CHOON KEAT TONY	4,055,900	1.01
14	LOCK WAI HAN	4,032,000	1.01
15	KUOK KHONG HONG @KUOK KHOON HONG	3,503,700	0.88
16	MARTUA SITORUS	3,474,900	0.87
17	LIM TIEN LOCK CHRISTOPHER	3,445,900	0.86
18	RICHARD TEH LIP HEONG	3,275,400	0.82
19	TAN WEE HAN	3,168,000	0.79
20	OCBC SECURITIES PRIVATE LTD	2,812,900	0.70
	TOTAL	**308,241,300**	**77.03**

Substantial Shareholders as at 5 April 2017

(As recorded in the Register of Substantial Shareholders)

Name of substantial shareholder	Direct interest	%	Deemed interest	%
Kestrel Investments Pte. Ltd.	154,932,000	38.73	–	–
Lim Eng Hock[(1)]	–	–	154,932,000	38.73
City Developments Limited	27,294,900	6.82	–	–
Hong Leong Investment Holdings Pte. Ltd.[(2)]	–	–	27,294,900	6.82
Paul Lim Choon Wui[(3)]	21,600,000	5.40	224,000	0.06

Notes:

(1) Lim Eng Hock has a direct interest in the entire issued share capital of Kestrel Investments Pte. Ltd. and is deemed interested in the 154,932,000 shares held by Kestrel Investments Pte. Ltd. by virtue of Section 4 of the SFA.

(2) Hong Leong Investment Holdings Pte. Ltd. is deemed interested in the 27,294,900 shares held by City Developments Limited by virtue of Section 4 of the SFA.

(3) The shares are held under the name of DBS Nominees (Private) Limited.

PUBLIC FLOAT

As at 5 April 2017, approximately 47.10% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

Distribution of Warrantholdings as at 5 April 2017

Size of warrantholdings	No. of warrantholders	%	No. of warrant	%
1 - 99	0	0.00	0	0.00
100 - 1,000	2	0.16	1,300	0.00
1,001 - 10,000	771	61.34	1,971,100	0.88
10,001 - 1,000,000	443	35.24	59,011,700	26.34
1,000,001 AND ABOVE	41	3.26	163,015,900	72.78
Total	**1,257**	**100.00**	**224,000,000**	**100.00**

Twenty Largest Warrantholders

No.	Name of warrantholders	No. of warrants held	%
1	TAY TECK HUAT	25,531,400	11.40
2	CIMB SECURITIES (SINGAPORE) PTE. LTD.	24,218,000	10.81
3	HARTONO TJAHJADI	17,682,600	7.89
4	CHOW WING WAH	11,500,000	5.13
5	RAFFLES NOMINEES (PTE) LIMITED	9,800,000	4.38
6	TAN KAH HENG (CHEN JIAXING)	4,732,600	2.11
7	UOB KAY HIAN PRIVATE LIMITED	4,600,000	2.05
8	DBS NOMINEES (PRIVATE) LIMITED	4,057,000	1.81
9	HARDJANTO ADIWANA	3,900,000	1.74
10	LIN MEIFENG	3,800,000	1.70
11	HENRY TAY YUN CHWAN	3,140,000	1.40
12	LEE GEOK TIN	3,000,000	1.34
13	SNG YIO PUAR	2,969,000	1.33
14	ABN AMRO NOMINEES SINGAPORE PTE LTD	2,800,000	1.25
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,500,000	1.12
16	TAY WEE JIN MICHAEL (ZHENG WEIJUN MICHAEL)	2,400,000	1.07
17	CHAN CHONG BENG	2,000,000	0.89
18	GOH KIM SAN	2,000,000	0.89
19	LEE THENG KIAT	2,000,000	0.89
20	LIM MEI YING	2,000,000	0.89
	Total	**134,630,600**	**60.09**

Exercise Price:	S$0.35 in cash for each converted share on the exercise of a warrant
Exercise Period:	Commencing on and including the date of issue of the warrants on 26 January 2016 and expiring at 5.00 p.m. on the date immediately preceding the 3rd anniversary of the date of issue of the warrants, unless such date is a date on which the Register of Members is closed or is not a market day and excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the deed poll.
Warrant Agent:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of Secura Group Limited (the "**Company**") will be held at 38 Alexandra Terrace, Level 2, Singapore 119932 on Thursday, 27 April 2017 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 ("**FY2016**") together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final (one-tier tax exempt) dividend of 0.3 Singapore cents per ordinary share for FY2016. **(Resolution 2)**

3. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to Article 93 of the constitution of the Company ("**Constitution**"):

   Mr Ong Pang Liang **(Resolution 3)**
   Dr Ho Tat Kin **(Resolution 4)**
   Mr Lock Wai Han **(Resolution 5)**

   *Mr Ong Pang Liang will, upon re-election as a Director, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").*

   Dr Ho Tat Kin will, upon re-election as a Director, remain as the Chairman of the Board and the Nominating Committee and a member of the Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

   Mr Lock Wai Han will, upon re-election as a Director, remain as a member of the Audit Committee, and will be considered non-independent.

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$164,000 for the financial year ending 31 December 2017, payable quarterly in arrears. **(Resolution 6)**

5. To re-appoint Ernst & Young LLP as the auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Act**") and Rule 806 of the Catalist Rules, the Directors be authorised and empowered to:

(a) (i) issue shares in the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

8. **Authority to grant options and/or awards and to allot and issue shares under the Secura Employee Share Option Scheme and/or the Secura Performance Share Plan (collectively, the "Share-Based Incentive Plans")**

That pursuant to Section 161 of the Act, the Directors be authorised and empowered to grant options and/or awards and to allot and issue, from time to time, such number of shares in the capital of the Company as may be required to be issued upon the exercise of options granted by the Company and/or upon release of awards granted by the Company under the Share-Based Incentive Plans, whether granted and/or awarded during the subsistence of this authority or otherwise, provided always that the aggregate number of additional shares to be issued pursuant to the Share-Based Incentive Plans shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Ngiam May Ling
Secretary

Singapore, 12 April 2017

Explanatory Notes:

(i) Detailed information on Mr Ong Pang Liang, Dr Ho Tat Kin and Mr Lock Wai Han can be found in the Company's annual report 2016.

Mr Lock Wai Han holds approximately 1.01% of the issued share capital of the Company. Save as disclosed above, there are no relationships including immediate family relationships between Mr Ong Pang Liang, Dr Ho Tat Kin and Mr Lock Wai Han and the other Directors, the Company, its related corporations, its 10% shareholders or its officers.

(ii) The ordinary resolution 8 in item 7 above, if passed, will empower the Directors, effective until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or options or vesting of awards which are outstanding or subsisting at the time when this ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The ordinary resolution 9 in item 8 above, if passed, will empower the Directors, effective until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the exercise of options granted and/or shares to be awarded under the Share-Based Incentive Plans up to a number not exceeding in aggregate (for the entire duration of the Share-Based Incentive Plans) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint not more than 2 proxies to attend and vote at the AGM.

   (b) A member who is a relevant intermediary, is entitled to appoint more than 2 proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 38 Alexandra Terrace, Singapore 119932 not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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SECURA GROUP LIMITED
Company Registration No. 201531866K
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than 2 proxies to attend, speak and vote at the AGM.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of AGM dated 12 April 2017.

PROXY FORM
(Please see notes overleaf before completing this form)

I/We, ____

of ____

being a member/members of Secura Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the annual general meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at 38 Alexandra Terrace, Level 2, Singapore 119932 on Thursday, 27 April 2017 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	Number of votes for(1)	Number of votes against(1)
1	Directors' Statement, Audited Financial Statements and Auditor's Report for the financial year ended 31 December 2016 ("**FY2016**")		
2	First and final (one-tier tax exempt) dividend for FY2016		
3	Re-election of Mr Ong Pang Liang as a Director		
4	Re-election of Dr Ho Tat Kin as a Director		
5	Re-election of Mr Lock Wai Han as a Director		
6	Directors' fees amounting to S$164,000 for the financial year ending 31 December 2017		
7	Re-appointment of Ernst & Young LLP as auditor of the Company		
8	Authority to allot and issue shares		
9	Authority to grant options and/or awards and to allot and issue shares under the Secura Employee Share Option Scheme and/or the Secura Performance Share Plan		

(1) *if you wish to exercise all your votes "For" or "Against", please tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______________ day of ______________ 2017

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints 2 proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than 2 proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than 2 proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38 Alexandra Terrace, Level 2, Singapore 119932, not less than 48 hours before the time appointed for the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr. Ho Tat Kin *(Chairman and Independent Director)*
Mr. Paul Lim Choon Wui *(Executive Director and CEO)*
Ms. Lim Siok Leng *(Executive Director, CFO and General Manager (Security Printing) (Covering))*
Mr. Tan Wee Han *(Executive Director)*
Mr. Lock Wai Han *(Non-Executive, Non-Independent Director)*
Mr. Gary Ho Kuat Foong *(Independent Director)*
Mr. Ong Pang Liang *(Independent Director)*

AUDIT COMMITTEE
Mr. Ong Pang Liang (*Chairman*)
Dr. Ho Tat Kin
Mr. Gary Ho Kuat Foong
Mr. Lock Wai Han

NOMINATING COMMITTEE
Dr. Ho Tat Kin (*Chairman*)
Mr. Ong Pang Liang
Mr. Gary Ho Kuat Foong
Mr. Tan Wee Han

REMUNERATION COMMITTEE
Mr. Gary Ho Kuat Foong (*Chairman*)
Dr. Ho Tat Kin
Mr. Ong Pang Liang

COMPANY SECRETARY
Ms. Ngiam May Ling

COMPANY REGISTRATION NUMBER
201531866K

REGISTERED OFFICE
38 Alexandra Terrace
Singapore 119932
Tel: +65 6813 9500
Fax: +65 6813 9629
Website: www.securagroup.sg

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United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

AUDITOR
Ernst & Young LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner-in-charge: Ms. Tan Peck Yen
(a practising member of the Institute of Singapore Chartered Accountants)
Since financial year ended 31 December 2015

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

WARRANT AGENT
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
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Singapore 048623

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2016 Secura Group Limited Annual Report
Company Registration No. 201531866K
Incorporated in the Republic of Singapore on 14 August 2015

SECURA GROUP LIMITED

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