Annual Report

2018

SECURA
GROUP LIMITED

Cyber Security | Homeland Security and Digital Forensic | Security Guarding
Integrated Command Centre | Security Consultancy
Systems Integration | Training | Security Printing
Event Security | Executive Protection

TABLE OF CONTENTS

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.

The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

CORPORATE PROFILE

Secura Group Limited (“Secura” or the "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 (the "Secura group of companies") and Soverus Group Pte Ltd and its subsidiaries (the "Soverus group of companies").

The Secura group of companies has been providing security printing services of value documents with anti-counterfeit features since 1976, and owns one of the largest cheque printing businesses in Singapore. With operations in Singapore, Bangladesh and Taiwan, the Group’s range of value documents include bank cheques and passbooks, cash vouchers, educational certificates, marriage certificates and machine-readable betting slips, amongst others.

The Soverus group of companies provides security services including security guarding, security systems integration, cyber security, homeland security and other security products and services. As a premium security agency in Singapore, the group provides unarmed manned security guarding services, as well as operate a state-of-the-art 24-hour command centre with remote CCTV surveillance and video analytics for round-the-clock monitoring of premises.

The Group moved into the skills training arena in 2017, when it incorporated a new business entity which was certified as a Public Approved Training Organisation to offer training modules for security and service tracks.

Secura also holds 20% interest in Custodio Technologies Pte Ltd, a subsidiary of Israel Aerospace Industries Ltd. The main business of Custodio Technologies is in research and development of new cyber security solutions and capabilities with a focus on cyber early warning technology.

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 listed on the Catalist Board of the SGX-ST.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

Year in Review

2018 was a year of consolidation for the Group as it undertook major steps to improve its business structure, strengthen its core businesses and reposition itself for new market trends and developments. We conducted a corporate restructuring exercise with an aim to reinforce our core businesses. We adopted a more measured approach on expansion, scaled back certain plans and exercised some hard decisions on underperforming operations. We also streamlined our business units into 3 main divisions each headed by a Managing Director. They include man-guarding which comprises business activities such as security guarding, remote surveillance and training, technology which comprises homeland security and digital forensic, systems integration and cyber security, as well as security printing. With the consolidation, we have been able to focus our resources on maximising opportunities in growth areas, as well as achieving greater overall cost efficiencies to improve our bottom line performance.

As a result of the above measures, I am pleased to report that the Group has returned to profitability for the financial year ended 31 December ("FY") 2018, registering a net profit attributable to owners of the Company of S$1.9 million on the back of 4 consecutive quarters of profitability. Revenue was largely stable at S$41.2 million compared with S$41.6 million the previous year with increased contribution from our security guarding, homeland security and digital forensics, as well as training business segments. Profitability saw significant improvement with gross profit increasing 10.2% year-on-year ("y-o-y") to S$7.6 million and gross profit margin also increasing to 18.4% from 16.6% last year. This was largely driven by movements in allowance for stock obsolescence but also supported by higher margins from the digital forensics business segment and steady enrolment growth in our training business leading to better economies of scale. With the corporate reorganisation efforts, the Group also benefitted in other aspects of its performance including a significant reduction in distribution and selling, and administrative expenses, a reduction in receivables, a stronger cash balance and overall, a stronger balance sheet.

Business Review

Our security guarding business showed steady growth in FY2018 with revenue increasing to S$27.8 million from S$24.8 million in FY2017. With the successful integration of state-of-the-art surveillance technology with our security guarding infrastructure, we have been able to offer value-added services through technologically-enhanced operations without an increase in manpower headcount. Through our Integrated Command Centre ("ICC"), we invested and implemented a Physical Security Information Management System which is a cloud-based system that uses artificial intelligence to detect violations and infringements to preset security parameters. This is a

MESSAGE TO SHAREHOLDERS

powerful tool that allows us to provide 24/7 monitoring and control, especially of sites which do not require a physical guard, with greater accuracy and reliability. This has also helped to address the shortage of security officers in the guarding industry and enabled us to scale up our business. With the ICC covering almost 30 sites currently, we believe that there is scope for the virtual guarding market to grow, having received a significant amount of interest from various market segments, both local and overseas. With our 'A' Grade (Excellent)[1] service standing and our ability to provide building and premise protection through man-guarding complemented by technology-enabled remote surveillance, we are confident of achieving our vision of being a premium provider of high-quality security guarding services and a market leader.

On the back of Singapore's move towards digitalisation, our security printing business has been impacted and its segment revenue declined by 17.1% y-o-y to S$8.6 million in FY2018. However, our overseas markets of Taiwan and Bangladesh continued to show buoyant growth as demand for various printed value documents remains strong. Given the slower pace of digitalisation and the larger market size of developing economies, we see opportunities in the provision of security printing services in these developing markets. Hence, we have started to look into the potential of entering these developing markets and building a presence in the mid-to-longer term.

In the homeland security and digital forensic segment, our partnership with the world's leading mobile forensics company, Israel-based Cellebrite, as a preferred reseller in Singapore has provided a platform for us to penetrate other markets in the region, particularly in the Philippines, where sales over the past year have been encouraging. This has resulted in revenue for the homeland security and digital forensic business segment increasing by 54.9% y-o-y to S$2.0 million. As regional governments step up efforts to fight terrorism and security threats, demand for Cellebrite's products, as well as other digital forensic equipment, real-time surveillance systems and data information gadgets has been on the uptrend. We envision more agencies and organisations involved in law-enforcement deploying these as essential tools to increase their productivity and effectiveness. In particular, Singapore is well-recognised worldwide for its high standards of security enforcement and practices. With Singapore being a centre of excellence in this regard, it puts Secura in a good position to distribute homeland security products and solutions to markets in the region.

While our cyber security segment reduced its revenue contribution due to streamlining of its represented products and services, we remain optimistic about the longer term demand for cyber security. In particular, demand for secured privilege access management systems will increase as more organisations recognise the need to

1 Graded by the Police Licensing & Regulatory Department for licensed security guard agencies

MESSAGE TO SHAREHOLDERS

defend themselves from cyber-attacks, as well as prevent data breaches and misused privileges. Therefore, we will continue to observe and assess the trends in this market in order to identify opportunities.

In Singapore, with the government's push for security officers to undergo further training to identify terrorist threats, it will be mandatory from 1 January 2020 for security officers to obtain a third basic certification called "Recognised Terrorism Threats" in order to work in places other than condominiums and warehouses. To meet this requirement, our accredited Secura Training Academy introduced this module during the year, bringing the total number of modules we offer to 5. Currently, about half of the trainees are from external parties and we are working to grow this business by targeting to double the number of courses by end 2019. We are also exploring the possibility of expanding the scope of our training to cover security in premises such as buildings belonging to the government and statutory boards. In the recent Singapore Budget[2], it was announced that enterprises will get a subsidy of up to 70% on their out-of-pocket training expenses under the Productivity Solutions Grant. As such, demand for training is likely to increase and we strive to increase our suite of offerings under the academy.

Going forward/ New Ventures

In 2018, the Singapore Government launched the Security Industry Digital Plan which laid the roadmap for security agencies to adopt relevant technology by 2025, in a bid to transform the industry's labour-intensive business model. Being an early adopter of technology, we are well-positioned to capitalise on the growing security guarding market in Singapore by being able to provide competitive, cost effective and productive solutions to our clients. Looking beyond the immediate horizon, with technology enabling the remote provision of surveillance services, new possibilities in cross-border services will be unleased. Ultimately, technology will enable us to expand both vertically and laterally along the security value chain. We will also benefit from the grants set aside by Enterprise Singapore in support of this digitalisation move as we continue to invest in technology.

Sustainability

I am pleased that we successfully completed our inaugural Sustainability Report for FY2017, reiterating our commitment to sustainable practices in the areas of environmental, social and governance.

One key area that I want to highlight in our pursuit of long-term sustainable growth is our people. We are making all efforts to build a workforce that is committed to Service Commitment, Integrity, Respect, Positive Discipline, and with a Progressive Mindset. We promise our staff that we will enable their personal growth through frequent training, cross-job opportunities and skills upgrading. We believe that by instilling these values and a sense of empowerment and purpose, we are building a disciplined and dedicated team of people that will drive us towards fulfilling our mission of becoming the most trustworthy and reliable security services provider.

Appreciation

Finally, it gives me great pleasure to welcome Mr Kan Kheong Ng who has come on board as Executive Director and Chief Executive Officer of the Company in February 2019. Having spent more than 30 successful years developing, managing and expanding businesses in the region, Mr Kan's wealth of experience will be a definite asset to the Company.

I would also like to welcome Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei) to the board of directors of the Company ("Board" or "Directors"), and extend my gratitude to Mr Tan Wee Han who has relinquished his directorship.

In closing, I would like to express my deepest gratitude to our management and staff for the commitment, sacrifice and hard work you have put in to turn the company around in FY2018. I am also grateful to my fellow Directors for your guidance, and our business partners, suppliers and customers for your support. To our shareholders, my appreciation for your tremendous patience and continued support. We are relentless in driving this Company forward to create lasting shareholder value for you, and we will work hard to make the best of opportunities in the coming years.

Dr Ho Tat Kin
Chairman and Independent Director

2 Singapore Budget 2019, https://www.singaporebudget.gov.sg/budget_2019/budget-speech

OPERATIONS & FINANCIAL REVIEW

The Group registered a profit turnaround in FY2018 with net profit attributable to owners of the Company of S$1.9 million, compared to a net loss attributable to owners of the Company of S$1.8 million in FY2017. This was achieved on the back of 4 consecutive quarters of profit in FY2018. Revenue was largely stable with a slight decrease of 0.8% y-o-y to $41.2 million while gross profit increased 10.2% y-o-y to S$7.6 million.

INCOME STATEMENT	S$'000	FY2018	FY2017	%
Revenue: • Security guarding rose 12.3% to S$27.8 million with more contracts and increase in average selling price • Homeland security and digital forensic equipment increased 54.9% to S$2.0 million, supported by strong sales of mobile forensics equipment in the Philippines • Security printing dipped 17.1% to S$8.6 million as nation-wide initiatives to go paperless drove down demand • Cyber security decreased 56.8% to S$1.0 million due to the streamlining of represented products and services • System integration, security consultancy and security training decreased 35.9% to S$1.8 million	**Revenue**	**41,231**	**41,574**	**(0.8)**
	Cost of sales	**(33,624)**	**(34,670)**	**(3.0)**
	Gross profit	**7,607**	**6,904**	**10.2**
Other Operating Income: • Decrease in government grants and reduction of handling fees charged to bank customers, partially offset by increase in fixed deposit interest income	**Other operating income**	**1,632**	**1,821**	**(10.4)**
Distribution and Selling Expenses: • Decrease in staff cost resulting from the Group's corporate reorganisation efforts	**Distribution and selling expenses**	**(1,828)**	**(2,825)**	**(35.3)**
Administrative Expenses: • Decrease in expenses due to cost control measures and streamlining of its business operations, partially offset by loss on disposal of land and buildings in Malaysia	**Administrative expenses**	**(5,006)**	**(6,711)**	**(25.4)**
	Finance cost	**(295)**	**(270)**	**9.3**
Share of Results of Joint Ventures and Associates: • Losses from Custodio Technology Pte Ltd amounting to S$0.4 million, partially offset by share of results in Secura Bangladesh Ltd and Foremost Secura Corporation of S$0.2 million and S$0.1 million respectively	**Share of results of joint ventures and associates**	**(205)**	**370**	**nm**
	Impairment of goodwill	**–**	**(1,388)**	**nm**
	Write back/(impairment loss) on financial assets	**43**	**(110)**	**nm**
	Profit/(loss) before tax	**1,948**	**(2,209)**	**nm**
	Income tax (expense)/credit	**(86)**	**274**	**nm**
	Profit/(loss) for the year	**1,862**	**(1,935)**	**nm**
	Profit/(loss) attributable to owners of the Company	**1,866**	**(1,782)**	**nm**

OPERATIONS & FINANCIAL REVIEW

BALANCE SHEET	S$'000	As at 31 Dec 2018	As at 31 Dec 2017
Current Assets: • Inventories increased by S$2.0 million for order fulfillment • Cash and cash equivalents increased by S$4.0 million from the disposal of land and buildings in Malaysia and improved operational cash flow • Partially offset by amortisation of prepaid operating expenses and reduced trade receivables	**Current assets**	26,671	21,249
Non-current Assets: • Decreased due to the disposal of land and buildings in Malaysia, amortisation of intangible asset in relation to customer relationships, depreciation charged on property, plant and equipment and share of losses of investment in associates	**Non-current assets**	37,601	42,454
	Total assets	64,272	63,703
Current Liabilities: • Decrease in contract liabilities of S$0.6 million and accrued operating expenses of S$0.2 million • Partially offset by increase in trade and other payables of S$0.2 million and income tax payable of S$0.4 million	**Current liabilities**	7,484	7,644
Non-current Liabilities: • Repayment of bank loan and finance lease of S$0.7 million and S$0.1 million respectively • Decrease in provision for deferred tax liabilities of S$0.3 million	**Non-current liabilities**	10,708	11,853
	Total liabilities	18,192	19,497
	Net assets	46,080	44,206
	Share capital	61,644	61,644
	Retained earnings/ (accumulated losses)	352	(1,465)
	Reserves	(16,031)	(16,092)
	Non-controlling interests	115	119
	Total equity	46,080	44,206

OPERATIONS & FINANCIAL REVIEW

CASH FLOW	S$'000	FY2018	FY2017
Net Cash flows from Operating Activities: • Operating cash flows before working capital changes amounted to S$4.5 million • Net cash used in working capital was S$2.0 million due to increase in inventories, increase in amount due from a joint venture and decrease in trade and other payables, contract liabilities and accrued operating expenses • Partially offset by decrease in prepaid operating expenses	**Net cash flows from operating activities**	**2,368**	**614**
Net Cash flows from/(used in) Investing Activities: • Proceeds from disposal of land and buildings in Malaysia of S$2.3 million • Partially offset by the addition of property, plant and equipment of S$0.2 million	**Net cash flows from/(used in) investing activities**	**2,123**	**(8,937)**
Net Cash flows used in Financing Activities: • Repayment of bank loan and finance lease of S$0.7 million and S$0.1 million respectively • Partially offset by refund of fixed deposits pledged of S$0.3 million tied to security guarding contracts	**Net cash flows used in financing activities**	**(482)**	**(1,666)**
	Net increase/(decrease) in cash and cash equivalents	**4,009**	**(9,989)**
	Effect of exchange rate changes on cash and cash equivalents	**2**	**2**
	Cash and cash equivalents at beginning of the year	**9,842**	**19,829**
	Cash and cash equivalents at end of year	**13,853**	**9,842**

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to corporate social responsibility ("CSR") and subscribe to building strong and sustainable businesses that mutually benefit all stakeholders, in particular the wellbeing of our employees and the community at large.

As one of the largest integrated security service providers engaging hundreds of workers in the security industry, we champion the welfare of our employees and encourage active participation of our employees through volunteering and supporting worthy causes.

COMMITMENT TO OUR BURSARY PROGRAMME

Since 2012, we have been awarding bursaries to the children of our employees, in particular our security officers on a bi-annual basis. To date, we have given out bursaries amounting to over S$148,000 benefiting the children of our employees, from primary to tertiary levels. In 2018, we gave out bursaries to children of 106 officers.

SUPPORTING OUR STAFF

We provide insurance coverage and extend various telecommunications, medical and dental benefits to all our staff. We also encourage our security officers to become members of National Trade Union Congress (NTUC) and provide for their subscription fees.

CONTRIBUTING TO THE NTUC U CARE FUND

We contribute annual donations to support the mission of NTUC Caring Labour Movement to help improve the lives of low income members and their families; support needy children and youth in their pursuit of excellence; and provide assistance to the elderly in a meaningful way.

SPONSORSHIP OF TOP PRIZES FOR REPUBLIC POLYTECHNIC

As endorsement of our support for distinction, we sponsored cash prizes for the University of Glasgow Top Project Prize and University of Glasgow Top Student Award for the 2018 graduating batch of Republic Polytechnic diploma holders.

FESTIVE SHARING WITH THE ELDERLY AND NEEDY

We continue to engage with the Operation Redshirt, formed by a group of friends, on their annual distribution goodie bags and 'ang pows' for the impoverished elderly during the Chinese New Year season, we contributed St Luke's prickly heat powder and provided mini buses to transport the volunteers to various distribution points.

We also reached out to 30 households which are mainly needy senior residents at Radin Mas neighborhood during the Christmas festive season. We distributed pillows, towels and grocery items to each household together with Radin Mas committee. It was a meaningful day extending the Christmas joy to the needy and we will continue to promote such kind gestures.

SHOE DONATION DRIVE

We collaborated with Soles4Souls Singapore, a non-profit organisation which collect and distribute shoes to the less fortunate across the continent. Our staff donated a total of 102 pair of shoes.

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 last re-elected on 27 April 2017.

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 (now known as Thomson Medical Group Limited), from August 2010 to December 2013. Rowsley Ltd 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 December 1984 to October 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 (Teacher 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 Kan Kheong Ng
Executive Director and Chief Executive Officer

Mr Kan Kheong Ng was appointed to our Board on 1 February 2019. As the Executive Director and Chief Executive Officer, he oversees the overall business operations, and provides leadership to drive the growth of the Group's business in the region.

Mr Kan has almost 30 years of regional management and business development experience in the automotive industry, having managed various illustrious global brands with renowned regional dealership, Wearnes Automotive, headquartered in Singapore. From 2001 to 2009, he was General Manager at Malayan Motors, a division of Wearnes Automotive, where he managed the Rolls-Royce, Bentley, Jaguar and Volvo Trucks franchises in Singapore, and successfully introduced some of the brands into new territories such as Brunei, Indonesia, Taiwan and Thailand. From 2009 to 2012, he was promoted to Managing Director of the Prestige Division of Wearnes Automotive, where he led the acquisition of new brands such as Bugatti, Land Rover and McLaren.

In 2012, Mr Kan joined Fastrack Autosports (Iskandar) Pte Ltd to conceptualise and develop an integrated automotive hub in Nusajaya, Iskandar Malaysia, in partnership with UEM Sunrise Berhad. He led the project's joint venture company, Fastrack Iskandar Sdn Bhd, as its Chief Executive Officer.

Mr Kan currently holds directorships in the Fastrack group of companies and is also an Executive Director of TMC Life Sciences Berhad, a company listed on Bursa Malaysia.

Mr Kan graduated from the Royal Melbourne Institute Technology with a degree in Business Administration.

Ms Lim Siok Leng
Executive Director and Chief Financial Officer

Ms Lim Siok Leng was appointed to our Board on 16 October 2015 and was last 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 the Secura group of companies, including the implementation of internal controls and compliance with regulatory requirements.

Ms Lim was later appointed as managing director of the Secura group of companies in 2015, and her role expanded to include overseeing the Group'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.

BOARD OF DIRECTORS

Mr Lim Joey Matthias
Non-Executive, Non-Independent Director

Mr Lim Joey Matthias was appointed to our Board on 1 February 2019.

He is currently the Senior Vice President of Kestrel Capital Pte Ltd, a private investment company, where he has been leading corporate affairs and special projects since 2016. Prior to this, he was Vice President of Rowsley Ltd (now known as Thomson Medical Group Limited), where he managed property development and projects at Vantage Bay in Johor Bahru.

Mr Lim started his career with the Ministry of Foreign Affairs, Singapore, in 1996 and was first posted to the Embassy of the Republic of Singapore in Bangkok for 4 years, and then cross-posted to the High Commission of the Republic of Singapore in London for the next 6 years. In 2009, he was posted to the Consul-General of the Republic of Singapore in Johor Bahru where he established the Singapore Consul Office in Johor. He was awarded the Efficiency Medal in 2011 and his last diplomatic appointment was Vice-Consul.

Mr Lim graduated with a Bachelor of Science in Management from the London School of Economics in 2005.

Mr Gary Ho Kuat Foong
Independent Director

Mr Gary Ho Kuat Foong was appointed to our Board on 16 October 2015. He was last re-elected on 23 April 2018.

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 Thomson Medical Group Limited and Avarga Limited, both listed companies on the SGX-ST and TMC Life Sciences Berhad, a company listed on Bursa 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 first appointed on 16 October 2015 and was last re-elected to our Board on 27 April 2017.

He is also currently an Independent Director of Thomson Medical Group Limited, a company listed on the SGX-ST.

Mr Ong has over 25 years of experience in banking and finance. His career in various international banks covered management responsibilities in capital markets, treasury operations and corporate banking. He spent 15 years in Bank of America where he held positions of such as Managing Director and Head of Foreign Exchange in Singapore and General Manager of Bank of America Shanghai in PRC.

Subsequent to his banking career, Mr Ong spent a number of years in the corporate business sector. He was CFO and Finance Director of companies listed on the mainboard of the SGX-ST.

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

Ms Christina Teo Tze Wei (Zhao Ziwei)
Independent Director

Ms Christina Teo was appointed to our Board on 1 February 2019.

Ms Teo has over 20 years of experience in private equity, leveraged buyouts, and mergers and acquisitions, having led numerous investments globally with notable deals including Jaya Holdings, Crystal Jade, 2XU, Seafolly, RM Williams, Guiseppe Zanotti and Cristiano Ronaldo's global image rights.

She is the Co-Founder and currently, the Chief Executive Officer of Singapore-based start-up UCARE.AI, an artificial intelligence ("AI")-powered technology enabler for health data and solutions. She brought UCARE.AI to its Series A financing phase, and launched its AI-powered predictive hospital bill estimation system throughout Parkway Pantai's Singapore hospitals.

Prior to founding UCARE.AI in 2016, she was the Chief Executive Officer of Catpital, Director of Mint Media, Managing Director at L Capital Asia (LVMH), and held other senior investment positions at Affinity Equity Partners and Deutsche Bank's Strategic Investments Group.

Ms Teo graduated with a Master of Business Administration from Harvard Business School in 2002 and a Bachelor of Business Administration (Finance), Honours, from the National University of Singapore in 1995.

EXECUTIVE OFFICERS

Mr Goh Ching Hua Kelvin
Managing Director (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 and to Managing Director (Security Guarding) in 2018. Mr Goh is responsible for managing the overall operations, and sales and marketing strategies of our security guarding business, integrated command centre for remote surveillance and our training services. He is also involved in planning the recruitment strategies for our security officers.

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. In 2016, Mr Goh was elected as the Vice President (Systems) for the Security Association Singapore, the largest association representing security professionals and companies in Singapore.

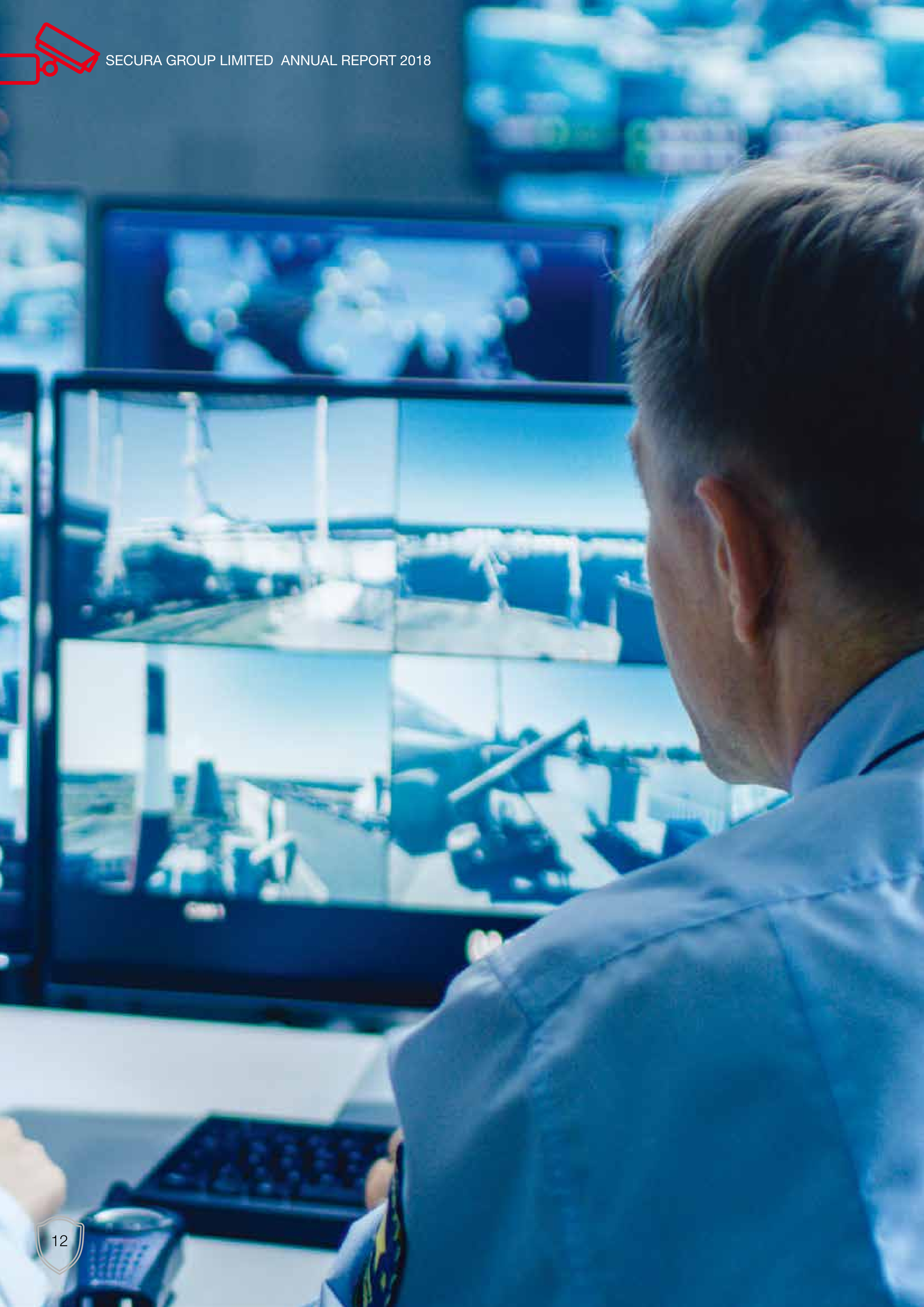
Mr Goh graduated from the National University of Singapore in 2002 with a Bachelor of Engineering (Electrical).

Mr Jeganathan Ramasamy
Managing Director (Security Technologies)

Mr Jeganathan Ramasamy joined our Group in 2016 as Strategic Account Manager (public sector) and was promoted to General Manager of Soverus Technologies Pte Ltd in 2017 and to Managing Director (Security Technologies) in 2018. Mr Jeganathan is responsible for the management and business development of homeland security business, and include the distribution of mobile forensics and cyber technologies products.

Prior to joining the Group, Mr Jeganathan served the Singapore Armed Forces for almost 23 years, holding different command appointments in the Signals division. In 1993, he was seconded to the Singapore Civil Defence Force (SCDF) and was involved in many infrastructure developments as the Director of Technology department, effectively the Chief of Information Officer at SCDF. From 2004 to 2007, Mr Jeganathan joined ST Electronics (Info-Software Systems) as Director, Business Development and then as Senior Director, Homeland Security Systems before he rejoined SCDF as Director - Technology. At SCDF, he implemented the command and control system for managing fire, medical and rescue emergencies, set up training and simulation system for SCDF Academy, implemented new IT systems to improve the administrative and operational capabilities of SCDF and was appointed as Chairman of the Info-Comms technology group supporting the ASEAN Committee of Disaster Management before leaving for the private sector in 2012. Mr Jeganathan was Advisor/Consultant at Vision Consulting before he joined our Group.

Mr Jeganathan obtained a Diploma in Computer Science from Informatics Systems in 1985.



ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr Ho Tat Kin, Ms Lim Siok Leng, Mr Kan Kheong Ng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei) are Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 25 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**"), the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules, is as set out below:

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
Date of Appointment	16 October 2015	16 October 2015	1 February 2019	1 February 2019	1 February 2019
Date of last re-appointment (if applicable)	27 April 2017	28 April 2016	Not applicable	Not applicable	Not applicable
Age	75	54	63	46	45
Country of principal residence	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Dr Ho as Chairman of the Board and Independent Director was recommended by the Nominating Committee ("NC") and approved by the Board, after taking into consideration Dr Ho's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.	The re-election of Ms Lim as Executive Director and Chief Financial Officer was recommended by the NC and approved by the Board, after taking into consideration Ms Lim's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director.	The re-election of Mr Kan as Executive Director and Chief Executive Officer was recommended by the NC and approved by the Board, after taking into consideration Mr Kan's qualifications, expertise and past experiences.	The re-election of Mr Lim as Non-Executive Non-Independent Director was recommended by the NC and approved by the Board, after taking into consideration Mr Lim's qualifications, expertise and past experiences.	The re-election of Ms Teo as Independent Director was recommended by the NC and approved by the Board, after taking into consideration Ms Teo's qualifications, expertise and past experiences.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Ms Lim is appointed as Executive Director and Chief Financial Officer and she is responsible for overseeing the overall operations of the security printing business as well as the finance and accounting functions of the Group.	Executive Mr Kan is appointed as Executive Director and Chief Executive Officer with the strategic role to spearhead the future development and growth of the Company. He is responsible for overseeing the overall business operations and implementation of the Company's strategies and policies.	Non-Executive	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	• Chairman of the Board • Independent Director • Chairman of the NC • Member of the Audit and Remuneration Committees	Executive Director and Chief Financial Officer	Executive Director and Chief Executive Officer	• Non-Executive Non-Independent Director • Member of the Audit Committee	• Independent Director • Member of the NC
Professional qualifications	• Bachelor of Science (Honours), University of Singapore • Japan International Co-operation Agency (Post-graduate) Certificate (Teacher on Computer Science), Yamanashi University and Tokyo University • Master of Science in Technological Economics and Ph. D., University of Stirling, Scotland, UK • Life Member, Institute of Physics of Singapore	Bachelor of Accountancy, National University of Singapore	Degree in Business Administration, Royal Melbourne Institute Technology	Degree in Bachelor of Science, London School of Economics (Management)	• Master of Business Administration, Harvard Business School • Bachelor of Business Administration (Finance), Honours, National University of Singapore

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
Working experience and occupation(s) during the past 10 years	2014 – Present: Management Consultant August 2010 – December 2013: Rowsley Ltd *(now known as Thomson Medical Group Limited)*, Executive Chairman	2015 - Present: Secura Group Limited, Executive Director and Chief Financial Officer 2002 – 2015: Secura group of companies, Financial Controller	February 2019 – Present: Secura Group Limited, Executive Director and Chief Executive Officer 2012 – January 2019: Fastrack Autosports (Iskandar) Pte. Ltd., Executive Director 2009 – 2012: Wearnes Auotomotive Pte Ltd, Managing Director, Prestige Division 2001 – 2009: Malayan Motors, General Manager	2016 – Present: Kestrel Capital Private Limited, Senior Vice President (Corporate Affairs & Special Projects) 2013 – 2016: Rowsley Ltd *(now known as Thomson Medical Group Limited)*, Vice President (Strategic Development) 2009 – 2013: Singapore Consulate-General in Johor Bahru, Vice-Consul (Administration & Consular)	2016 – Present: Ucare.IO Pte Ltd, CEO 2015 – 2016: Catpital Private Limited, Director 2012 – 2015: L Capital Asia, Managing Director 2011 – 2012: Deutsche Bank, Director, Strategic Investment Group 2004 – 2011: Affinity Equity Partners, Vice President, Private Equity
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the "Directors' Statement" section on pages 41 to 44 of the annual report.				
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	Mr Lim was nominated to the Board by the Company's controlling shareholder, Kestrel Investments Pte Ltd	No
Conflict of interest (including any competing business)	No	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rules720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
Other Principal Commitments Including Directorships# * *"Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments* *# These fields are not applicable for announcement of appointments pursuant to Rule 704(8)*	**Past (for the last 5 years)** Directorship *Non-Listed Companies* • Crystal Wines & Spirits Pte Ltd • Crystal Wines Pte Ltd • Fine Brands Pte Ltd • Crystal Wines (China) Pte Ltd (Struck off) **Present** Principal Commitments • Management Consultant	**Past (for the last 5 years)** None **Present** Directorship *Non-Listed Companies* • Red Sentry Pte Ltd • Secura Documation Pte Ltd • Secura Forms Pte Ltd • Secura Foremost eMage Pte Ltd • Secura Singapore Pte Ltd • Secura Training Academy Pte Ltd • Soverus Group Pte Ltd • Soverus Kingdom Systems Pte Ltd • Soverus Technology Pte Ltd	**Past (for the last 5 years)** None **Present** Directorships *Listed Companies* • TMC Life Sciences Berhad *Non-Listed Companies* • Red Sentry Pte Ltd • Secura Documation Pte Ltd • Secura Forms Pte Ltd • Secura Foremost eMage Pte Ltd • Secura Singapore Pte Ltd • Secura Training Academy Pte Ltd • Soverus Group Pte Ltd • Soverus Kingdom	**Past (for the last 5 years)** None **Present** Principal Commitments • Senior Vice President (Corporate Affairs & Special Projects) of Kestrel Capital Private Limited	**Past (for the last 5 years)** Directorship *Non-Listed Companies* • Catpital Private Limited • Mint Media • L Catterton Singapore Pte Ltd • R.M. Williams Proprietary Limited • R.M. Williams Bushmen's Outfitters Pty Ltd • R.M. Williams The Original Bushmen's Outfitters Pty Ltd • R.M. Williams Publishing Pty Ltd • Kudeta Limited • Charles & Keith Group Pte Ltd • LCA C&K Limited **Present** Directorship *Non-Listed Companies* • UCARE.IO Pte Ltd Principal Commitments • Owner of Project Eleonie

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
		• Secura Security Printing Sdn Bhd • Secura (Bangladesh) Limited • Secura Malaysia Sdn Bhd • Foremost Secura Corporation • Custodio Technologies Pte Ltd Principal Commitments • Chief Financial Officer of Secura Group Limited	• Systems Pte Ltd • Soverus Technology Pte Ltd • Fastrack Autosports (Iskandar) Pte Ltd • Fastrack Management Pte Ltd • Fastrack Iskandar Sdn Bhd • Fastrack JV (Iskandar) Limited • Best Blend Sdn Bhd • BB Waterfront Sdn Bhd Principal Commitments • Chief Executive Officer of Secura Group Limited		
Information required					
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.					
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-					

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZI WEI)
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR HO TAT KIN	LIM SIOK LENG	KAN KHEONG NG	LIM JOEY MATTHIAS	CHRISTINA TEO TZE WEI (ZHAO ZIWEI)
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance in order to safeguard the interests of shareholders of the Company ("**Shareholders**").

This report outlines the Company's corporate governance practices which are in line with the principles and guidelines set out in 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 during FY2018.

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, reasons and explanations in relation to the Company's practices are provided, 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 Board Committees ("**Board Committees**"), which have been set up to support its work, with written terms of reference. In this regard, 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, Chief Executive Officer ("**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 Directors are also briefed on developments in accounting standards by the CFO and the auditors, on developments in corporate governance practices by the Company Secretary, and on developments in business and strategy by the CEO.

CORPORATE GOVERNANCE REPORT

The newly appointed Directors, namely Mr Kan Kheong Ng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei), who are first-time directors of a listed issuer listed in Singapore, will be attending the Mandatory Training as prescribed by the Catalist Rules.

The number of Board and Board Committee meetings held during FY2018 as well as the attendance of each Director at these meetings is set out below:

	Board Meeting	AC Meeting	NC Meeting	RC Meeting
No. of meetings held	**4**	**4**	**1**	**1**
Name of Directors				
Dr Ho Tat Kin	4	4	1	1
Ms Lim Siok Leng	4	N.A.	N.A.	N.A.
Mr Lock Wai Han[(1)]	1	1	N.A.	N.A.
Mr Tan Wee Han[(2)]	4	N.A.	1	N.A.
Mr Ong Pang Liang	4	4	1	1
Mr Gary Ho Kuat Foong	4	4	1	1

Notes:

(1) Mr Lock Wai Han resigned as Director with effect from 31 March 2018.

(2) Mr Tan Wee Han resigned as Director with effect from 1 February 2019.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at 31 December 2018, the Board comprised 5 Directors, 1 of whom is an Executive Director. Of the 4 Non-Executive Directors, 3 are Independent Directors. Memberships of the Board Committees are as follows:

Name	Date of appointment	Board membership	AC	NC	RC
Dr Ho Tat Kin	16 October 2015	Chairman and Independent Director	Member	Chairman	Member
Ms Lim Siok Leng	16 October 2015	Executive Director and CFO	–	–	–
Mr Ong Pang Liang	16 October 2015	Independent Director	Chairman	Member	Member
Mr Gary Ho Kuat Foong	16 October 2015	Independent Director	Member	Member	Chairman
Mr Tan Wee Han[(1)]	2 October 2017	Non-Executive Non-Independent Director	–	Member	–

Note:

(1) Mr Tan Wee Han resigned as Director with effect from 1 February 2019.

As a majority of the members of the Board are Independent Directors, there is a strong and independent

CORPORATE GOVERNANCE REPORT

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, none of the Independent Directors have 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. Annually, each Independent Director is required to complete a Director's Independence Checklist ("**Checklist**") to confirm his independence. The Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Checklist completed by each of the Independent Directors, assesses the independence of each of the Independent Directors and recommends its assessment to the Board. The Board, after taking into account the views of the NC, determined that all the Independent Directors are independent, with each individual Director concerned abstaining from the review of his own independence. The Independent Directors do not have any relationships including family relationships with the other 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 judgement in the best interests of the Company. No individual or small group of individuals dominate the Board's decision making.

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 key management personnel 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 Shareholders, Directors or key management personnel.

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 by the Group.

On 31 January 2019, the Company announced the resignation of Mr Tan Wee Han as Non-Executive Non-Independent Director as well as the appointment of Mr Kan Kheong Ng as Executive Director and CEO, Mr Lim Joey Matthias as Non-Executive Non-Independent Director and Ms Christina Teo Tze Wei (Zhao Ziwei) as Independent Director.

The current board size of 7 members (after the resignation of Mr Tan Wee Han and the appointment of Mr Kan Kheong Ng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei)) is considered appropriate for the Company, taking into account the nature and scope of the Group'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. At present, the Board has 2 female Directors, namely, Ms Lim Siok Leng and Ms Christina Teo Tze Wei (Zhao Ziwei).

CORPORATE GOVERNANCE REPORT

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is our Independent Director, Dr Ho Tat Kin and the CEO is Mr Kan Kheong Ng. This ensures a clear division of responsibilities between the leadership of the Board and executives responsible for managing the Group's businesses. Hence, a lead independent director is not seperately appointed.

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 CEO is responsible for overseeing the overall business operations and implementation of the Group's strategies and policies.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises 4 Directors, all of whom, are Independent Directors:

Dr Ho Tat Kin (Chairman)
Mr Ong Pang Liang
Mr Gary Ho Kuat Foong
Ms Christina Teo Tze Wei (Zhao Ziwei)

The NC holds at least 1 NC meeting each financial year.

Principal functions of the NC include:

- making recommendations to the Board on appointment of new Directors and key management personnel, 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 CEO and 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 proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term Shareholders' value.

CORPORATE GOVERNANCE REPORT

In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills required to support the Group'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 annual general meeting ("**AGM**") following their appointment and one-third of the Board is to retire from office at every AGM.

The Directors standing for re-election at the forthcoming AGM are Dr Ho Tat Kin, Mr Kan Kheong Ng, Ms Lim Siok Leng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei), who will retire pursuant to the Constitution. The Board has accepted the NC's recommendations to put forth these Directors for re-election at the forthcoming AGM. Please refer to pages 13 to 23 of the annual report for further information on Dr Ho Tat Kin, Mr Kan Kheong Ng, Ms Lim Siok Leng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei).

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

The Board is of the view that setting a maximum number of listed company board representations which a Director may concurrently hold would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they are in full-time employment and their other principal commitments or responsibilities.

The NC determines annually whether a Director with other listed company representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes into account the actual conduct of the Director on the Board in making this determination. In respect of FY2018, 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. The NC was of the view that each Director had given sufficient time and attention to the affairs of the Company and had been able to discharge his duties as director effectively. The NC noted that based on the attendance of the Board and Board Committee meetings during FY2018, all the Directors were able to participate in at least a substantial number of such meetings in order to carry out their duties.

Key information on the Directors can be found on pages 9 to 10 of the annual report.

The Board has no policy in appointing alternate director. Therefore, none of the Directors has appointed an alternate Director.

CORPORATE GOVERNANCE REPORT

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 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 observed 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 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. While financial indicators such as share price performance and return-on-equity allow for benchmarking of the Board's performance relative to that of competitors and industry peers, non-financial indicators such as feedback received from investors (institutional and/or retail) and market analysts also serve as useful qualitative analysis by external parties. For the long-term success and value creation of the Company, the Board believes that its performance and that of individual Board members is reflected in, and evidenced by, proper guidance, diligent oversight and able leadership of the Company, and the support that it lends to management in steering the Company and the Group to achieve strategic goals. Having regard to its composition and mix, the Board has endeavoured through each Director's unique contributions and diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company. For FY2018, 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.

No external facilitator was engaged for the evaluation process for FY2018.

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. Members of management and the external auditor who are able to provide additional insight on the matters for discussion, are also invited from time to time to attend such meetings.

CORPORATE GOVERNANCE REPORT

If a Director were unable to attend a Board or Board Committee meeting, he would still receive all the papers and materials for discussion at that meeting. He would review them and advise the Chairman or Board Committee Chairman of his views and comments (if any) on the matters to be discussed so that they may be conveyed to other members at the meeting.

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 all Board and Board Committee meetings. Her duties include minute taking, assisting 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 Company Secretary's responsibilities also include assisting the Chairman in ensuring that Board procedures are followed and communicating changes in the Catalist Rules or other regulations affecting corporate governance and compliance where appropriate, facilitating orientation and assisting with professional development as required.

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:

Mr Gary Ho Kuat Foong (Chairman)
Dr Ho Tat Kin
Mr 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 CEO and key management personnel;

- reviewing the remuneration of key management personnel and employees related to the Directors, the 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 granted 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.

CORPORATE GOVERNANCE REPORT

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 Group 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 a service agreement with our Executive Director and CEO, Mr Kan Kheong Ng and Executive Director and CFO, Ms Lim Siok Leng (the "**Executive Directors**") on 1 February 2019 and 20 January 2016 respectively for an initial period of 3 years. The service agreement is renewable thereafter on a yearly 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.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and key management personnel 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 personnel. The RC reviews the remuneration received by the Executive Directors based on the financial performance of the Group. The Executive Directors review the remuneration of key management personnel 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 FY2018 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 a Board Committee. With the recommendation of the RC, the Board would propose the Directors' fees, 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 FY2018.

In reviewing the service contracts of the Executive Directors and key management personnel, 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 42 to 43 of the annual report.

CORPORATE GOVERNANCE REPORT

The breakdown of remuneration paid to or accrued to each Director for FY2018 is as follows:

Directors	Fees	Salary[1]	Bonus	Benefits -in-kind	Variable or performance-related incentive/ bonus	Total
Between S$250,000 to S$500,000						
Lim Siok Leng	–	82.18%	17.82%	–	–	100.0%
Below S$250,000						
Paul Lim Choon Wui[2]	–	100.0%	–	–	–	100.0%
Dr Ho Tat Kin	100.0%	–	–	–	–	100.0%
Ong Pang Liang	100.0%	–	–	–	–	100.0%
Gary Ho Kuat Foong	100.0%	–	–	–	–	100.0%
Tan Wee Han[3]	100.0%	–	–	–	–	100.0%
Lock Wai Han[4]	100.0%	–	–	–	–	100.0%

Notes:

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

(2) Mr Paul Lim Choon Wui resigned as Director on 10 October 2017 and his last day of service as CEO was 5 January 2018. His remuneration for FY2018 was S$37,500.

(3) Mr Tan Wee Han resigned as Director with effect from 1 February 2019. His director's fee for FY2018 was S$35,000.

(4) Mr Lock Wai Han resigned as Director with effect from 31 March 2018. His director's fee for FY2018 was S$8,750.

The Company has disclosed the remuneration of each Director and the CEO as a breakdown (in percentage terms) into salary, bonus, directors' fees, variable or performance-related incentive/bonus and benefits-in-kind. No other long-term incentives and no termination, retirement or post-employment benefits have been granted to the Directors. The Company has disclosed each Director's and the CEO's remuneration in bands of S$250,000.

While the Code recommends that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis, after careful consideration, the Board is of the view that such disclosure would not be in the best interests of the Company or its Shareholders, and that the details disclosed in the table provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board took into consideration the competitive business environment in which the Group operates, and the negative impact such disclosure may have on the Group.

CORPORATE GOVERNANCE REPORT

The aggregate remuneration received by the top 5 key management personnel (who are not Directors or the CEO) for FY2018 was approximately S$570,000. The various components of the remuneration of the Group's top 5 key management personnel (who are not Directors or the 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(1)	94.88%	–	5.12%	100.00%
Goh Ching Hua Kelvin	66.90%	20.77%	12.33%	100.00%
Pek Geok Ling(2)	100.00%	–	–	100.00%
Lee Tong Chye	86.92%	1.46%	11.62%	100.00%
Jeganathan Ramasamy	75.95%	6.21%	17.84%	100.00%

Notes:

(1) Mr Ong Kok Leong resigned as Chief Operating Officer with effect from 14 August 2018. His remuneration for FY2018 was S$105,000.

(2) Ms Pek Geok Ling resigned as Head of Human Resources with effect from 4 September 2018. Her remuneration for FY2018 was S$66,000.

There are no other long-term incentives or termination, retirement or post-employment benefits for the top 5 key management personnel.

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 Company does not have any employee who is an immediate family member of a Director or CEO, and whose remuneration exceeds S$50,000 in FY2018.

An annual remuneration report is not included in this report as the matters required to be disclosed therein have been disclosed above, in the Directors' Statements and in the notes to the financial statements. The Board responds to queries from Shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

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. Results for the first three quarters are released to Shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the end of the financial year. The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements.

CORPORATE GOVERNANCE REPORT

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 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.

As the Group does not have a risk management committee, the Board and the Management assume the responsibility of the risk management function. The Management is responsible for the design, implementation and monitoring of the Company's internal controls and risk management systems and providing 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 confirms that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2018. The AC concurs with the Board's comments.

The Board had received assurance from the CFO at the Board meeting on 21 February 2019 that:

- the financial records of the Group have been properly maintained and the financial statements for FY2018 give a true and fair view of the Group's operations and finances; and

- the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place within the Group are adequate and effective.

For FY2018, both the Board and the AC have not identified any material weaknesses in the internal controls of the Group.

The internal controls and risk management systems 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.

PRINCIPLE 12: AUDIT COMMITTEE

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

Mr Ong Pang Liang (Chairman)
Dr Ho Tat Kin
Mr Gary Ho Kuat Foong
Mr Lim Joey Matthias

CORPORATE GOVERNANCE REPORT

All the members of the AC have relevant accounting and financial management experience and expertise and are hence able to discharge their responsibilities competently. One of the AC members is a qualified chartered accountant. The AC has reasonable resources to enable it to discharge its functions effectively.

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 annual financial statements and 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 (including financial, operational, compliance and information technology controls) and risk management systems;
- 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 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.

CORPORATE GOVERNANCE REPORT

A breakdown of the audit and non-audit fees that are charged to the Group by the external auditors for FY2018 is set out below.

Service Category	Fees Paid/Payable (S$'000)
Audit Services	202
Non-Audit Services	106
Total Fees	**308**

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 auditors are not in any way impaired by the provision of such non-audit services 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, its subsidiaries and its 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 provide 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.

Whistle Blowing Policy

The Company has put in place a whistle-blowing framework ("**Whistle Blowing Policy**") endorsed by the AC where the 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 will ensure that independent investigations and any appropriate follow-up actions are carried out.

There were no reported incidents pertaining to whistle blowing during FY2018.

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 RSM Risk Advisory Pte Ltd ("**Internal Auditor**"). The Internal Auditor is guided by the International Standards for the Professional Practice of Internal Auditing. The AC approves the hiring, removal, evaluation and compensation of the Internal Auditor. Procedures are in place for the Internal Auditor to report, independently on its findings and recommendations to the AC for review. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The Management will update the AC on the status of the remedial action plans.

CORPORATE GOVERNANCE REPORT

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 Internal Auditor had conducted a review of the effectiveness of the Group's internal controls in FY2018.

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, *inter alia*, ensure (i) that the majority of the identified risks are audited by cycle, (ii) that the recommendations of the Internal Auditor are properly implemented, and (iii) the effectiveness and independence of the Internal Auditor. For FY2018, the AC is satisfied that the internal audit function is independent and is adequately staffed with persons with the relevant experience and qualifications.

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 facilitate 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.

The Company also maintains a corporate website at www.securagroup.sg where the public can access investor-related information of the Group. The quarterly and full year financial results are published via SGXNET as well as on the Company's website. Enquiries from Shareholders, analysts and the press are handled by specifically designated members of senior management in lieu of a dedicated investor relations team.

The Company's main dialogue with its Shareholders, which includes institutional and retail investors, takes place at its AGMs. Shareholders are encouraged to attend AGMs. The Board and management, as well as the external auditor, are in attendance at AGMs to address Shareholders' questions on issues relevant to the Company and resolutions proposed at the AGMs. The Chairpersons of the AC, RC, and NC would be present at the AGM to answer those questions relating to the work of these Board Committees.

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 unless they are linked, and the reasons and material implications are explained. "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 voted by electronic polling. An independent scrutineer is also appointed to count and validate the votes cast at the general meetings. Shareholders and proxies in attendance at the meeting are informed of the rules of the general meetings, including voting procedures that govern the general meetings. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET.

CORPORATE GOVERNANCE REPORT

As the authentication of Shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Shareholders can vote in person or appoint not more than 2 proxies to attend, speak and vote on their behalf at general meetings of Shareholders, with the exception that Shareholders such as nominee companies which provide custodial services for securities are able to appoint more than 2 proxies to attend, speak and vote at general meetings notwithstanding the Constitution does not differentiate between the number of proxies which may be appointed by individual Shareholders and by nominee companies.

General meetings are the principal forum for engaging Shareholders. Directors, including the Chairpersons of the Board and the Board Committees are present at the general meetings to answer Shareholders' questions. The external auditor will also be present to assist the Directors in addressing any relevant queries by Shareholders. The Company Secretary prepares minutes of general meetings which include relevant and substantial questions and comments from Shareholders and responses from the Board and the management. These minutes are made 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 would 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 in the corporate information page of the annual report. The investor relations firm has 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 FY2018 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 sets out a code of conduct to provide 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.

CORPORATE GOVERNANCE REPORT

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.

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 does not have a general mandate from Shareholders for interested person transactions.

Interested person transactions carried out during FY2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period 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$318,000	–

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and the transactions will not be prejudicial to the interests 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 the "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 CEO or controlling Shareholder which is either subsisting at the end of FY2018 or, if not then subsisting, entered into since the end of FY2017.

NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

There was no non-sponsor fees paid to the Company's Sponsor, United Overseas Bank Limited, in FY2018.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("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 announced on 24 July 2017) (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 cyber security, technology and systems integration business	14,800	(9,498)	5,302
Enhance and upgrade security printing equipment	1,000	(1,000)	–
Corporate infrastructure improvements	4,000	(4,000)	–
General working capital purposes	6,300	(6,005)	295
	26,100	(20,503)	5,597

The use of the IPO proceeds was in accordance with the purposes and the proportional allocation as stated in the Company's announcement dated 24 July 2017.

The Company will continue to make announcements on the utilisation of the balance of the IPO proceeds as and when such net proceeds are materially disbursed.

SUSTAINABILITY REPORTING

The Company recognises the importance of sustainability and will be implementing the appropriate policies and programs. The Company will publish its sustainability report for FY2018 by the end of May 2019, in accordance with Practice Note 7F of the Catalist Rules.

DIRECTORS' STATEMENT

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 2018.

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 2018 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:

Dr Ho Tat Kin	
Kan Kheong Ng	(appointed on 1 February 2019)
Lim Siok Leng	
Ong Pang Liang	
Gary Ho Kuat Foong	
Lim Joey Matthias	(appointed on 1 February 2019)
Christina Teo Tze Wei (Zhao Ziwei)	(appointed on 1 February 2019)

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	
Name of director	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company		
Tan Wee Han[(1)]	3,168,000	3,168,000

(1) Mr Tan Wee Han resigned as director with effect from 1 February 2019.

DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

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 2017. The Secura ESOS provides an opportunity for the Group's employees and Directors to participate in the equity of the Company.

No options were granted during the financial year. In 2017, the Company had granted 18,400,000 share options under the Secura ESOS. These options expire on 8 May 2026. With the resignation of Paul Lim Choon Wui on 10 October 2017 and Lock Wai Han on 22 March 2018, the 8,000,000 share options offered to Paul Lim Choon Wui and 800,000 share options offered to Lock Wai Han under the Secura ESOS have lapsed.

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the Secura ESOS as at 31 December 2018 are as follows:

Name of directors	Exercise price (S$)	Number of options
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
Gary Ho Kuat Foong	0.25	800,000
Total		9,600,000

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	Options cancelled or lapsed 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)	–
Lim Siok Leng	–	5,600,000	–	5,600,000
Tan Wee Han	–	1,200,000	–	1,200,000
Dr Ho Tat Kin	–	1,200,000	–	1,200,000
Ong Pang Liang	–	800,000	–	800,000
Lock Wai Han*	–	800,000	(800,000)	–
Gary Ho Kuat Foong	–	800,000	–	800,000
Total	–	18,400,000	(8,800,000)	9,600,000

* These individuals have resigned as directors as at the end of financial year.

DIRECTORS' STATEMENT

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 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

DIRECTORS' STATEMENT

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:

Kan Kheong Ng
Director

Lim Siok Leng
Director

Singapore
3 April 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SECURA GROUP LIMITED

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 2018, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2018 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

Key audit matters (continued)

Impairment assessment of the Group's intangible assets and the Company's investment in subsidiaries

As at 31 December 2018, the Group's carrying amount of intangible assets which comprise goodwill and customer relationships amounted to $1.4 million and the Company's carrying amount of the investment in subsidiaries amounted to $23.9 million. Management has performed impairment testing on the intangible assets and investment in subsidiaries. The recoverable amounts of these assets are based on the value-in-use method using discounted cash flows which 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 judgement. As such, we consider the impairment assessment of the Group's intangible assets and the Company's 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 cash generating units' operations and performance. This included obtaining an understanding of management's planned strategies on revenue growth and cost initiatives and assessing them against historical results. We engaged our internal valuation specialists to assist us in reviewing the reasonableness of the discount rates and terminal growth rates. 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 3, 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

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 SFRS(I), 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

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

- 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 2019

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	Group 2018	Group 31.12.2017	Group 1.1.2017	Company 2018	Company 31.12.2017	Company 1.1.2017
		$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Non-current assets							
Property, plant and equipment	4	27,951	32,924	31,940	15,120	15,437	14,874
Investment property	5	555	–	–	2,774	2,864	2,954
Intangible assets	6	1,432	1,650	3,498	–	–	–
Investment in subsidiaries	7	–	–	–	23,934	21,434	36,706
Investment in joint ventures	8	909	857	819	–	–	–
Investment in associates	9	6,752	7,014	598	6,221	6,221	–
Deferred tax asset	28	–	–	–	240	–	–
Trade and other receivables	11	2	9	65	–	–	60
		37,601	42,454	36,920	48,289	45,956	54,594
Current assets							
Inventories	10	3,312	1,302	2,458	–	–	–
Trade and other receivables	11	8,856	9,295	8,697	160	13	50
Contract assets	23	313	196	44	–	–	–
Tax recoverable		–	–	178	–	–	–
Prepaid operating expenses		265	558	354	15	20	139
Amounts due from subsidiaries	12	–	–	–	1,702	5,170	6,716
Amounts due from joint ventures	13	72	56	45	–	–	–
Cash and cash equivalents	15	13,853	9,842	19,829	7,752	5,652	15,048
		26,671	21,249	31,605	9,629	10,855	21,953
Total assets		64,272	63,703	68,525	57,918	56,811	76,547
Equity and liabilities							
Current liabilities							
Trade and other payables	16	4,302	4,056	5,382	270	368	603
Contract liabilities	23	356	911	864	–	–	–
Accrued operating expenses		1,400	1,617	1,296	280	393	235
Finance lease	17,32	100	100	30	–	–	30
Bank loan	17	833	833	833	833	833	833
Amount due to a joint venture	13	27	60	57	–	–	–
Amounts due to subsidiaries	12	–	–	–	552	–	–
Amount due to a non-controlling interest	18	–	–	26	–	–	–
Income tax payable		466	67	294	–	–	–
		7,484	7,644	8,782	1,935	1,594	1,701
Net current assets		19,187	13,605	22,823	7,694	9,261	20,252

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

BALANCE SHEETS

AS AT 31 DECEMBER 2018

		Group			Company		
	Note	**2018**	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
		$'000	$'000	$'000	$'000	$'000	$'000
Non-current liabilities							
Finance lease	17,32	148	248	15	–	–	15
Bank loan	17	9,920	10,636	11,364	9,920	10,636	11,364
Deferred tax liabilities	28	640	969	1,038	–	–	–
		10,708	11,853	12,417	9,920	10,636	11,379
Total liabilities		18,192	19,497	21,199	11,855	12,230	13,080
Net assets		46,080	44,206	47,326	46,063	44,581	63,467
Equity							
Share capital	19	61,644	61,644	61,644	61,644	61,644	61,644
Merger reserve	20	(16,291)	(16,291)	(16,291)	–	–	–
Foreign currency translation reserve	21	(87)	(82)	49	–	–	–
Employee share option reserve	22	347	281	183	337	271	183
Retained earnings/ (accumulated losses)		352	(1,465)	1,517	(15,918)	(17,334)	1,640
		45,965	44,087	47,102	46,063	44,581	63,467
Non-controlling interests		115	119	224	–	–	–
Total equity		46,080	44,206	47,326	46,063	44,581	63,467

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 2018

	Note	2018 $'000	2017 $'000
Revenue	23	41,231	41,574
Cost of sales		(33,624)	(34,670)
Gross profit		7,607	6,904
Other operating income	24	1,632	1,821
Distribution and selling expenses		(1,828)	(2,825)
Administrative expenses		(5,006)	(6,711)
Finance costs		(295)	(270)
Share of results of joint ventures and associates		(205)	370
Impairment of goodwill		–	(1,388)
Write back/(impairment loss) on financial assets	25	43	(110)
Profit/(loss) before tax	26	1,948	(2,209)
Income tax (expense)/credit	28	(86)	274
Profit/(loss) for the year		1,862	(1,935)
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 associate		(5)	(93)
Total comprehensive income for the year		1,857	(2,066)
Profit/(loss) for the year attributable to:			
Owners of the Company		1,866	(1,782)
Non-controlling interests		(4)	(153)
Total comprehensive income for the year		1,862	(1,935)
Total comprehensive income attributable to:			
Owners of the Company		1,861	(1,913)
Non-controlling interests		(4)	(153)
Total comprehensive income for the year		1,857	(2,066)
Earnings/(loss) per share (cents per share):			
Basic and diluted earnings/(loss) per share	29	0.47	(0.45)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Employee share option reserve $'000	(Accumulated losses)/ Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Group							
At 1 January 2018 (FRS framework)	61,644	(16,291)	(82)	281	(1,465)	119	44,206
Effects of SFRS(I) adoption	–	–	–	–	(49)	–	(49)
At 1 January 2018 (SFRS(I) framework)	61,644	(16,291)	(82)	281	(1,514)	119	44,157
Profit for the year	–	–	–	–	1,866	(4)	1,862
Other comprehensive income							
Share of foreign currency translation of joint venture and associate	–	–	(5)	–	–	–	(5)
Other comprehensive income for the year, net of tax	–	–	(5)	–	–	–	(5)
Total comprehensive income for the year	–	–	(5)	–	1,866	(4)	1,857
Contributions by and distributions to owners							
Grant of equity-settled share options to employees (Note 27)	–	–	–	66	–	–	66
At 31 December 2018	61,644	(16,291)	(87)	347	352	115	46,080

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Employee share option reserve $'000	Retained earnings/ (accumulated losses) $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	61,644	(16,291)	49	183	1,517	224	47,326
Loss for the year	–	–	–	–	(1,782)	(153)	(1,935)
Other comprehensive income							
Foreign currency translation	–	–	(38)	–	–	–	(38)
Share of foreign currency translation of joint venture and associate	–	–	(93)	–	–	–	(93)
Other comprehensive income for the year, net of tax	–	–	(131)	–	–	–	(131)
Total comprehensive income for the year	–	–	(131)	–	(1,782)	(153)	(2,066)
Contributions by and distributions to owners							
Grant of equity-settled share options to employees (Note 27)	–	–	–	98	–	–	98
Loss of control in subsidiary	–	–	–	–	–	48	48
Dividends on ordinary shares (Note 30)	–	–	–	–	(1,200)	–	(1,200)
At 31 December 2017	61,644	(16,291)	(82)	281	(1,465)	119	44,206

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital	Employee share option reserve	(Accumulated losses/ retained earnings)	Total equity
	$'000	$'000	$'000	$'000
Company				
At 1 January 2018	61,644	271	(17,334)	44,581
Profit for the year, representing total comprehensive income for the year	–	–	1,416	1,416
Contributions by and distributions to owners				
Grant of equity-settled share options to employees	–	66	–	66
	–	66	–	66
At 31 December 2018	61,644	337	(15,918)	46,063
At 1 January 2017	61,644	183	1,640	63,467
Loss for the year, representing total comprehensive income for the year	–	–	(17,774)	(17,774)
Contributions by and distributions to owners				
Grant of equity-settled share options to employees	–	88	–	88
Dividends on ordinary shares (Note 30)	–	–	(1,200)	(1,200)
	–	88	(1,200)	(1,112)
At 31 December 2017	61,644	271	(17,334)	44,581

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		$'000	$'000
Operating activities:			
Profit/(loss) before tax		1,948	(2,209)
Adjustments for:			
Depreciation of property, plant and equipment and investment property	4,5	2,083	2,040
Amortisation and impairment of intangible assets	6	218	460
Impairment of goodwill	6	–	1,388
Impairment of property, plant and equipment	4	–	49
Loss/(gain) on disposal of property, plant and equipment	26	212	(12)
Gain on loss in control of a subsidiary		–	(39)
Interest income	24	(100)	(62)
(Write back)/allowance for stock obsolescence	10	(335)	557
(Write back)/impairment loss on financial assets	25	(43)	110
Share of results of joint ventures and associates		205	(370)
Unrealised exchange gains, net		(2)	(53)
Finance costs		294	270
Grant of equity-settled share options to employees		66	98
Operating cash flows before working capital changes		4,546	2,227
(Increase)/decrease in inventories		(1,676)	600
Increase in trade and other receivables and contract assets		(11)	(1,057)
Decrease/(increase) in prepaid operating expenses		293	(205)
Increase in amount due from a joint venture		(49)	(8)
Decrease in trade and other payables and contract liabilities		(309)	(1,225)
(Decrease)/increase in accrued operating expenses		(215)	325
Cash flows generated from operations		2,579	657
Interest received		100	70
Interest paid		(294)	(270)
Tax (paid)/refund		(17)	157
Net cash flows generated from operating activities		2,368	614
Investing activities:			
Proceeds from disposal of property, plant and equipment		2,337	35
Purchase of property, plant and equipment	A	(214)	(2,715)
Dividend income from a joint venture		–	43
Net cash outflow on acquisition of an associate		–	(6,221)
Net cash outflow from loss in control of a subsidiary		–	(79)
Net cash flows generated from/(used in) investing activities		2,123	(8,937)

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Financing activities:			
Decrease in fixed deposits pledged		334	347
Loan from non-controlling interest in subsidiaries		–	46
Dividend paid on ordinary shares	30	–	(1,200)
Repayment of finance leases		(100)	(105)
Repayment of amount due to non-controlling interest		–	(26)
Repayment of bank loan		(716)	(728)
Net cash flows used in financing activities		(482)	(1,666)
Net increase/(decrease) in cash and cash equivalents		4,009	(9,989)
Effect of exchange rate changes on cash and cash equivalents		2	2
Cash and cash equivalents at 1 January		9,842	19,829
Cash and cash equivalents at 31 December	15	13,853	9,842

Note to the consolidated cash flow statement

A. Purchase of property, plant and equipment

		2018 $'000	2017 $'000
Aggregate cost of plant and equipment acquired	4	214	3,123
Less: Amount relating to finance leases	17	–	(408)
Cash payments made to acquire property, plant and equipment		214	2,715

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Corporate information

Secura Group Limited (the "Company") is a limited company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 7 to 9 to the financial statements.

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 (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Company adopted SFRS(I).

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.

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

SFRS(I) 9 *Financial Instruments (continued)*

<u>Impairment</u>

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group recognised additonal impairment on the Group's trade receivables of $49,000 which resulted in a corresponding decrease in retained earnings as at 1 January 2018.

The adoption of SFRS(I) 9 does not have any impact to the Company.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated completed contracts that begin and end within the same year or are completed contracts at 1 January 2017, and

- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 December 2017.

The adoption of SFRS(I) 15 did not have any material effect on the financial performance or position of the Group except that upon the adoption, accrued income and deferred revenue have been updated to reflect the terms used in SFRS(I) 15. The Group reclassified trade and other receivables of $44,000 and $196,000 related to accrued income to contract assets and deferred revenue of $864,000 and $911,000 to contract liabilities as at 1 January 2017 and 31 December 2017 respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

SFRS(I) 15 *Revenue from Contracts with Customers (continued)*

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

	1 January 2017 ("FRS")	SFRS(I) 15 adjustments	1 January 2017 ("SFRS(I)")
	$'000	$'000	$'000
Assets			
Non-current assets			
Property, plant and equipment	31,940	–	31,940
Intangible assets	3,498	–	3,498
Investment in joint ventures	819	–	819
Investment in associates	598	–	598
Trade and other receivables	65	–	65
	36,920	–	36,920
Current assets			
Inventories	2,458	–	2,458
Trade and other receivables	8,741	(44)	8,697
Contract assets	–	44	44
Tax recoverable	178	–	178
Prepaid operating expenses	354	–	354
Amounts due from joint ventures	45	–	45
Cash and cash equivalents	19,829	–	19,829
	31,605	–	31,605
Total assets	68,525	–	68,525

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

SFRS(I) 15 *Revenue from Contracts with Customers (continued)*

	1 January 2017 ("FRS")	SFRS(I) 15 adjustments	1 January 2017 ("SFRS(I)")
	$'000	$'000	$'000
Equity and liabilities			
Current liabilities			
Trade and other payables	5,382	–	5,382
Deferred revenue	864	(864)	–
Contract liabilities	–	864	864
Accrued operating expenses	1,296	–	1,296
Finance lease	30	–	30
Bank loan	833	–	833
Amount due to a joint venture	57	–	57
Amount due to a non-controlling interest	26	–	26
Income tax payable	294	–	294
	8,782	–	8,782
Non-current liabilities			
Finance lease	15	–	15
Bank loan	11,364	–	11,364
Deferred tax liabilities	1,038	–	1,038
	12,417	–	12,417
Total liabilities	21,199	–	21,199
Net assets	47,326	–	47,326
Equity			
Share capital	61,644	–	61,644
Merger reserve	(16,291)	–	(16,291)
Foreign currency translation reserve	49	–	49
Employee share option reserve	183	–	183
Retained earnings	1,517	–	1,517
	47,102	–	47,102
Non-controlling interest	224	–	224
Total equity	47,326	–	47,326

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

SFRS(I) 15 *Revenue from Contracts with Customers (continued)*

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to the balance sheet of the Group.

	31 December 2017 ("FRS")	SFRS(I) 15 adjustments	31 December 2017 ("SFRS(I)")	SFRS(I) 9 adjustments	1 January 2018 ("SFRS(I)")
	$'000	$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	32,924	–	32,924	–	32,924
Intangible assets	1,650	–	1,650	–	1,650
Investment in joint ventures	857	–	857	–	857
Investment in associates	7,014	–	7,014	–	7,014
Trade and other receivables	9	–	9	–	9
	42,454	–	42,454	–	42,454
Current assets					
Inventories	1,302	–	1,302	–	1,302
Trade and other receivables	9,491	(196)	9,295	(49)	9,246
Contract assets	–	196	196	–	196
Prepaid operating expenses	558	–	558	–	558
Amounts due from joint ventures	56	–	56	–	56
Cash and cash equivalents	9,842	–	9,842	–	9,842
	21,249	–	21,249	(49)	21,200
Total assets	63,703	–	63,703	(49)	63,654

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

SFRS(I) 15 *Revenue from Contracts with Customers (continued)*

	31 December 2017 ("FRS")	SFRS(I) 15 adjustments	31 December 2017 ("SFRS(I)")	SFRS(I) 9 adjustments	1 January 2018 ("SFRS(I)")
	$'000	$'000	$'000	$'000	$'000
Equity and liabilities					
Current liabilities					
Trade and other payables	4,056	–	4,056	–	4,056
Deferred revenue	911	(911)	–	–	–
Contract liabilities	–	911	911	–	911
Accrued operating expenses	1,617	–	1,617	–	1,617
Finance lease	100	–	100	–	100
Bank loan	833	–	833	–	833
Amount due to a joint venture	60	–	60	–	60
Income tax payable	67	–	67	–	67
	7,644	–	7,644	–	7,644
Non-current liabilities					
Finance lease	248	–	248	–	248
Bank loan	10,636	–	10,636	–	10,636
Deferred tax liabilities	969	–	969	–	969
	11,853	–	11,853	–	11,853
Total liabilities	19,497	–	19,497	–	19,497
Net assets	44,206	–	44,206	(49)	44,157
Equity					
Share capital	61,644	–	61,644	–	61,644
Merger reserve	(16,291)	–	(16,291)	–	(16,291)
Foreign currency translation reserve	(82)	–	(82)	–	(82)
Employee share option reserve	281	–	281	–	281
Accumulated losses	(1,465)	–	(1,465)	(49)	(1,514)
	44,087	–	44,087	(49)	44,038
Non-controlling interest	119	–	119	–	119
Total equity	44,206	–	44,206	(49)	44,157

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.2 *First time adoption of ("SFRS(I)") (continued)*

SFRS(I) 15 *Revenue from Contracts with Customers (continued)*

The adoption of SFRS(I) does not have any impact to the balance sheet of the Company as at 1 January 2017, 31 December 2017 and 1 January 2018.

The adoption of SFRS(I) and application of the new accounting standards does not have any impact to the statement of comprehensive income the Group for the year ended 31 December 2017.

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective (continued)*

SFRS(I) 16 *Leases (continued)*

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities of approximately $1,176,000 for its leases previously classified as operating leases as of 1 January 2019.

2.4 Basis of consolidation and business combinations

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations(continued)

(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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

The cash-generating units to which goodwill has 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.

<u>Business combinations involving entities under common control</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.7 Joint arrangements (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

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 other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

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.

Customer relationships

Customer relationships acquired in business combinations are amortised on a straight line basis over estimated finite useful life of three to 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 indication exists, or when an annual impairment testing for 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. Summary of significant accounting policies (continued)

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.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through 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 is recognised in profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.14 Financial instruments (continued)

(b) Financial liabilities (continued)

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. On de-recognition, the difference between the carrying amounts and the consideration paid 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 recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.19 Employee benefits (continued)

(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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Security printing

The Group provides customised security printing services through fixed-price contracts. Revenue is recognised when the control over the goods has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the goods over time or at point in time by determining if (a) its performance does not create an asset with alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

As the security printing products are customised for each customer, it has no alternative use for the Group, and for certain contracts with customers, the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the security printing services.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the security printing services are completed and delivered to the customers and the customers have accepted it in accordance with the sales contracts.

(b) Security guarding

The Group provides security guarding services to customer over a specified contract period. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the Group's performance in providing the security services. As the Group's efforts or inputs are expended throughout the performance period, revenue from security guarding services is recognised on a straight-line basis over the specified contract period.

Certain contracts with customers allow the customers to claim liquidated damages if certain conditions are met. The Group will estimate the transaction price and apply the constraint to the estimated transaction price. The Group will not recognise the portion of the revenue that is subject to the constraints until the amount is no longer constrained. The Group will recognise the amount received or receivable that is expected to be returned as a refund liability, representing its obligation to return the customer's consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.21 Revenue (continued)

(c) Security training

The Group provides security training courses to security officers. The performance obligation is satisfied over time as the security officers simultaneously receive and consume the benefits of the Group's performance in providing the security training courses. As the Group's efforts or inputs are expended throughout the performance period, revenue from security training services is recognised on a straight-line basis over the period of the training courses.

(d) Sale and installation of technology-related security products

The Group sells and installs technology-related security products for its cyber security, homeland security and digital forensic, system integration and security consultancy businesses. The sale of security products and rendering of installation services are either sold separately or in bundled packages with a standalone selling price for each of the performance obligations.

For the sale of the security products, revenue is recognised upon delivery of the products to the customer and accepted by the customer. For the installation services, revenue is recognised over time, based on the actual costs incurred relative to the total expected costs.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

(g) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.22 Taxes (continued)

(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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

2.22 Taxes (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

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 related to an asset is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. Government grants related to income 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 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

Key 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.

Impairment of intangible assets and investment in subsidiaries

As at 31 December 2018, the Group's carrying amount of intangible assets which includes goodwill and customer relationships amounted to $1,432,000 (31.12.2017: $1,650,000, 1.1.2017: $3,498,000) and the Company's carrying amount of the investment in subsidiaries amounted to $23,934,000 (31.12.2017: $21,434,000, 1.1.2017: $36,706,000). As part of the requirement under SFRS(I) 1-36 Impairment of Assets to perform impairment testing for non-financial assets, management prepared a discounted cash flow model to determine the recoverable value of the cash generating units ("CGUs") which goodwill and customer relationships have been allocated to and the recoverable amount of the subsidiaries with indicators of impairment 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, profit margin and discount rate which involve significant estimates.

The assumptions applied by management in the determination of value in use for the impairment of intangible assets are described in more detail in Note 6.

In respect of investment in subsidiaries, based on the discounted cash flow model prepared by management, an impairment loss of $1,600,000 was recognised to write down the carrying value of Secura Singapore Pte. Ltd. to its recoverable amount. Following an improvement in financial performance and business outlook of a subsidiary, management has written back $3,400,000 on Soverus Group Pte. Ltd.. The estimated recoverable amount of the aforementioned subsidiaries approximates its carrying amount and, consequently, any adverse/favourable change in any key assumptions would result in a further impairment loss/write-back.

4. Property, plant and equipment

Group	Freehold land $'000	Buildings and improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost								
At 1.1.2017	14,459	15,943	12,189	253	442	433	950	44,669
Reclassification	–	938	–	12	–	–	(950)	–
Disposal of a subsidiary	–	(31)	–	(15)	(12)	–	–	(58)
Additions	–	613	914	39	924	496	137	3,123
Disposals	–	(27)	(1,814)	(12)	(46)	(51)	–	(1,950)
Currency realignment	5	22	1	–	1	–	–	29
At 31.12.2017 and 1.1.2018	14,464	17,458	11,290	277	1,309	878	137	45,813
Reclassification	6	(6)	–	–	137	–	(137)	–
Transfer to investment property	–	(599)	–	–	–	–	–	(599)
Additions	–	31	11	17	140	15	–	214
Disposals	(1,970)	(1,220)	(161)	(33)	(67)	(236)	–	(3,687)
At 31.12.2018	12,500	15,664	11,140	261	1,519	657	–	41,741
Accumulated depreciation								
At 1.1.2017	–	3,645	8,664	54	222	144	–	12,729
Depreciation charge for the year	–	777	887	60	264	52	–	2,040
Disposal of a subsidiary	–	(10)	–	(5)	(3)	–	–	(18)
Disposals	–	(27)	(1,811)	(10)	(44)	(35)	–	(1,927)
Impairment loss	–	–	–	–	–	49	–	49
Currency realignment	–	15	1	–	–	–	–	16
At 31.12.2017	–	4,400	7,741	99	439	210	–	12,889
Transfer to investment property	–	(34)	–	–	–	–	–	(34)
Depreciation charge for the year	–	745	773	59	440	56	–	2,073
Disposals	–	(797)	(161)	(33)	(61)	(86)	–	(1,138)
At 31.12.2018	–	4,314	8,353	125	818	180	–	13,790
Net carrying amount								
At 1.1.2017	14,459	12,298	3,525	199	220	289	950	31,940
At 31.12.2017	14,464	13,058	3,549	178	870	668	137	32,924
At 31.12.2018	12,500	11,350	2,787	136	701	477	–	27,951

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Property, plant and equipment (continued)

Company	Freehold land	Buildings and improvements	Furniture and fittings	Office equipment	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1.1.2017	12,500	1,515	82	57	236	523	14,913
Reclassification	–	523	–	–	–	(523)	–
Additions	–	170	14	603	–	137	924
Disposals	–	–	–	(2)	–	–	(2)
At 31.12.2017 and 1.1.2018	12,500	2,208	96	658	236	137	15,835
Reclassification	–	–	–	137	–	(137)	–
Additions	–	240	10	–	–	–	250
Disposals	–	–	–	(15)	(236)	–	(251)
At 31.12.2018	12,500	2,448	106	780	–	–	15,834
Accumulated depreciation							
At 1.1.2017	–	20	1	4	14	–	39
Depreciation charge for the year	–	130	23	133	24	–	310
Impairment loss	–	–	–	–	49	–	49
At 31.12.2017 and 1.1.2018	–	150	24	137	87	–	398
Depreciation charge for the year	–	157	26	226	–	–	409
Disposal	–	–	–	(6)	(87)	–	(93)
At 31.12.2018	–	307	50	357	–	–	714
Net carrying amount							
At 1.1.2017	12,500	1,495	81	53	222	523	14,874
At 31.12.2017	12,500	2,058	72	521	149	137	15,437
At 31.12.2018	12,500	2,141	56	423	–	–	15,120

4. Property, plant and equipment (continued)

Assets held under finance leases

During the current financial year, the Group acquired motor vehicles and machineries with an aggregate cost of Nil (31.12.2017: $536,000, 1.1.2017: $236,000) by means of finance leases. The cash outflow on acquisition amounted to Nil (31.12.2017: $128,000, 1.1.2017: $176,000).

The Group's carrying amount of motor vehicles and machineries held under finance leases at the end of the reporting period is $383,000 (31.12.2017: $465,000, 1.1.2017: $222,000). 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 $16,107,000 (31.12.2017: $16,796,000, 1.1.2017: $16,932,000) are mortgaged to secure the Group's bank loan (Note 17).

5. Investment property

	Group	Company
	$'000	$'000
Cost		
At 1.1.2017, 31.12.2017 and 1.1.2018	–	2,993
Transfer from property, plant and equipment (Note 4)	599	–
At 31.12.2018	599	2,993
Accumulated depreciation		
At 1.1.2017	–	39
Depreciation charge for the year	–	90
At 31.12.2017 and 1.1.2018	–	129
Transfer from property, plant and equipment (Note 4)	34	–
Depreciation charged for the year	10	90
At 31.12.2018	44	219
Net carrying amount		
At 1.1.2017	–	2,954
At 31.12.2017	–	2,864
At 31.12.2018	555	2,774

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 statements but classified as “property, plant and equipment” in the Group’s consolidated financial statements as the property is owner-occupied from the Group’s perspective.

During the year, the Group leased out a portion of its property to external parties. Accordingly, the leased property was transferred from property, plant and equipment to investment property. The investment property with carrying amount of $555,000 is mortgaged to secure the Group’s bank loan (Note 17).

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

As at 31 December 2018, the fair value of the investment property is estimated to be approximately $3,075,000 (31.12.17: $5,363,000, 1.1.17: $6,200,000) for the Company and approximately $873,000 for the Group based on the income approach.

6. Intangible assets

Group	Goodwill $’000	Customer relationships $’000	Total $’000
Cost:			
At 1.1.2017, 31.12.2017, 1.1.2018 and 31.12.2018	2,382	1,354	3,736
Accumulated amortisation			
At 1.1.2017	–	238	238
Amortisation	–	331	331
Impairment loss	1,388	129	1,517
At 31.12.2017 and 1.1.2018	1,388	698	2,086
Amortisation	–	218	218
At 31.12.2018	1,388	916	2,304
Net carrying amount			
At 1.1.2017	2,382	1,116	3,498
At 31.12.2017	994	656	1,650
At 31.12.2018	994	438	1,432

6. Intangible assets (continued)

Impairment testing of goodwill and customer relationships

Goodwill and customer relationships 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

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

	Goodwill			Customer relationships			Total		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Security printing	994	994	994	438	656	874	1,432	1,650	1,868
Cyber security	–	–	1,388	–	–	242	–	–	1,630
	994	994	2,382	438	656	1,116	1,432	1,650	3,498

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		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
Revenue growth rates	–(1)	0%	0%	–	–(2)	5%
Pre-tax discount rates	11.3%	11.7%	11.5%	–	10.5%	11.5%

(1) Negative growth rate of 6%
(2) Negative growth rate of 25%

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:

Forecasted revenue and profit margin – The forecasted revenue and profit margin 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Intangible assets (continued)

Sensitivity to changes in assumptions

For the security printing CGU, the estimated recoverable amount approximates its carrying amount and, consequently, any adverse change in any key assumptions would result in a further impairment loss.

Impairment loss recognised

In 2017, an impairment loss was recognised to write-down the carrying amount of goodwill and customer relationships attributable to the cyber security CGU. The impairment was deemed necessary by management as the cyber security CGU has been loss-making since acquisition and the business outlook and projection has resulted in its estimated recoverable amount being less than the carrying value of the assets.

The impairment loss on goodwill of Nil (2017: $1,388,000) has been recognised in profit or loss under the line item "impairment of goodwill". The impairment loss on customer relationships of Nil (2017: $129,000) has been recognised in profit or loss under the line item "distribution and selling expenses".

7. Investment in subsidiaries

		Company	
	2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Unquoted equity shares at cost	3,051	2,351	2,123
Issuance of shares for acquisition of subsidiaries	34,583	34,583	34,583
Impairment losses	(13,700)	(15,500)	–
	23,934	21,434	36,706

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Investment in subsidiaries (continued)

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest % 2018	31.12.2017	1.1.2017
Held by the Company					
Secura Singapore Pte. Ltd.[1]	Security printing of value documents	Singapore	100	100	100
Soverus Group Pte. Ltd. ("SGPL")[1]	Investment holding	Singapore	100	100	100
Secura Malaysia Sdn. Bhd.[2]	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Malaysia	50	50	50
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],[5]	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Singapore	100	100	100
Secura Training Academy Pte. Ltd.[1]	Provision of training services	Singapore	100	100	–
Soverus Pte. Ltd.[1],[6]	Provision of unarmed security guarding services	Singapore	100	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest % 2018	31.12.2017	1.1.2017
Held through Secura Singapore Pte. Ltd.					
Secura Forms Pte. Ltd.[1]	Printing of computer forms and stationery	Singapore	100	100	100
Secura Security Printing Sdn. Bhd.[3]	Dormant	Malaysia	100	100	100
Secura Documation Pte. Ltd.[1]	Provision of secured data solutions, eStatement, eArchiving, security data processing, printing and stationery	Singapore	70	70	70
Held through Soverus Group Pte. Ltd.					
Soverus Consultancy and Services Pte. Ltd.[1]	Provision of security consultancy services and private investigations	Singapore	100	100	100
Held through Soverus Technology Pte. Ltd.					
Red Sentry Pte. Ltd.[1]	Provision of cyber security products, services and solutions	Singapore	100	100	100
Held through Soverus Consultancy and Services Pte. Ltd.					
Soverus Kingdom Systems Pte. Ltd.[1]	Provision of security system integration services	Singapore	100	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Baker Tilly Monteiro Heng.

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

(4) Audited by B2k Advisory Co., Ltd., Thailand. Secura (Thailand) Co., Ltd. ("Secura Thailand") ceased to be a subsidiary of the Group on 28 November 2017 as the Group lost control of Secura Thailand. Secura Thailand has since become an associate of the Group. On 29 March 2018, the Group has fully disposed the remaining 45% of the ownership interest in Secura Thailand.

(5) 80% held by the Company and 20% held by SGPL as at 31 December 2018, 31 December 2017 and 1 January 2017.

(6) 32% held by the Company and 68% held by SGPL as at 31 December 2018 and was 100% held by SGPL as at 31 December 2017 and 1 January 2017.

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

Impairment in investment in subsidiaries

During the current financial year, management performed an impairment test for the investment in subsidiaries and an impairment loss of $1,600,000 was recognised to write down the carrying value of the investment in Secura Singapore Pte. Ltd. to its recoverable amount.

Following an improvement in its financial performance and business outlook, management has changed the estimates used to determine the recoverable amount of Soverus Group Pte. Ltd. since the last impairment loss was recognised. Accordingly, the previously recognised impairment loss of $3,400,000 was written back on the cost of investment.

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 2018. 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. The appointment of Chairman from the Company was extended for another two years till 13 September 2020. 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.

8. Investment in joint ventures

	Group		
	2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Secura Foremost eMage Pte. Ltd	274	280	300
Foremost Secura Corporation	635	577	519
	909	857	819

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Investment in joint ventures (continued)

Name of joint ventures	Principal activities	Country of incorporation	Effective interest % 2018	Effective interest % 31.12.2017	Effective interest % 1.1.2017
Held through Secura Singapore Pte. Ltd.					
Secura Foremost eMage Pte. Ltd.[1]	Printing of pressure seal mailers and sale of pressure seal mailer equipment	Singapore	50	50	50
Foremost Secura Corporation [2]	Printing of cheques and vouchers	Taiwan	50	50	50

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Deloitte & Touche (Taiwan).

Summarised financial information of the joint ventures and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
	Secura Foremost eMage Pte. Ltd.			Foremost Secura Corporation		
Summarised balance sheet						
Assets:						
Current assets	398	383	415	734	852	708
Non-current assets	1	3	6	414	122	136
Total assets	399	386	421	1,148	974	844
Liabilities:						
Current liabilities	82	56	51	234	176	162
Total liabilities	82	56	51	234	176	162
Net assets	317	330	370	914	798	682
Proportion of the Group's ownership	50%	50%	50%	50%	50%	50%
Group's share of net assets	159	165	185	457	399	341
Goodwill on acquisition of SSPL	115	115	115	178	178	178
Carrying amount	274	280	300	635	577	519

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Investment in joint ventures (continued)

	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
	Secura Foremost eMage Pte. Ltd.		Foremost Secura Corporation	
Summarised statement of comprehensive income				
Revenue	294	351	1,098	940
Other income	1	1	21	23
Expenses	(308)	(332)	(993)	(847)
(Loss)/profit for the year	(13)	20	126	116
Other comprehensive income	–	–	(10)	–
Total comprehensive income	(13)	20	116	116

Dividend income of Nil (2017: $30,000) was received from Secura Foremost eMage Pte. Ltd.

9. Investment in associates

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Custodio Technologies Pte. Ltd.	5,974	6,401	–	6,221	6,221	–
Secura (Thailand) Co., Ltd.	–	–	–	–	–	–
Secura Bangladesh Ltd	778	613	598	–	–	–
	6,752	7,014	598	6,221	6,221	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. Investment in associates (continued)

Name of associates	Principal activities	Country of incorporation	Effective interest %		
			2018	31.12.17	1.1.17
Held by the Company					
Custodio Technologies Pte. Ltd.[1]	Researcher and developer on information technology and trading in sales of solutions developed	Singapore	20	20	–
Secura (Thailand) Co., Ltd. [2]	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Thailand	–	45[3]	–
Held through Secura Singapore Pte. Ltd.					
Secura Bangladesh Ltd.[4]	Printing of cheques	Bangladesh	30	30	30

(1) Audited by BDO LLP, Singapore.

(2) Audited by B2k Advisory Co., Ltd., Thailand.

(3) Upon loss of control on 28 November 2017, Secura (Thailand) Co., Ltd. has been reclassified from subsidiary to associate of the Group and was subsequently fully impaired as at 31 December 2017. On 29 March 2018, the Group has fully disposed the remaining 45% of the ownership interest in Secura Thailand.

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

9. Investment in associates (continued)

Summarised financial information of the associates and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2018	31.12.2017 (Restated)	1.1.2017	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Custodio Technologies Pte. Ltd.			Secura Bangladesh Ltd.			Secura (Thailand) Co., Ltd.		
Summarised balance sheet									
Assets:									
Current assets	5,091	7,304	–	2,362	1,790	2,175	–	164	–
Non-current assets	2,016	878	–	1,415	1,129	1,468	–	48	–
Total assets	7,107	8,182	–	3,777	2,919	3,643	–	212	–
Liabilities:									
Current liabilities	1,130	229	–	1,125	814	1,591	–	305	–
Total liabilities	1,130	229	–	1,125	814	1,591	–	305	–
Net assets/(liabilities)	5,977	7,953	–	2,652	2,105	2,052	–	(93)	–
Proportion of the Group's ownership	20%	20%	–	30%	30%	30%	–	45%	–
Group's share of net assets/(liabilities)	1,195	1,591	–	796	631	616	–	(42)	–
Goodwill on acquisition	4,779[(1)]	4,779[(1)]	–	–	–	–	–	–	–
Unrecognised share of losses	–	–	–	–	–	–	–	42	–
Other adjustments	–	31[(1)]	–	(18)	(18)	(18)	–	–	–
Carrying amount	5,974	6,401	–	778	613	598	–	–	–

(1) Management has completed the PPA exercise during the current financial year. Goodwill and intangible assets arising from the PPA exercised was adjusted to $4,779,000 and $31,000 accordingly. The intangible assets relate to order backlog which was fully amortised during the current financial year. The amortisation was recognised in profit or loss under the line item "share of results of joint ventures and associates".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. Investment in associates (continued)

	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
	Custodio Technologies Pte. Ltd.		Secura Bangladesh Ltd.		Secura (Thailand) Co., Ltd.	
Summarised statement of comprehensive income						
Revenue	3,417	3,351	3,254	3,745	–	162
Other income	732	346	43	31	–	–
Expenses	(6,125)	(2,798)	(2,750)	(3,369)	–	(366)
(Loss)/profit for the year	(1,976)	899	547	407	–	(204)
Other comprehensive income	–	–	–	(310)	–	–
Total comprehensive income	(1,976)	899	547	97	–	(204)

Dividend income of Nil (2017: $14,000) was received from Secura Bangladesh Ltd.

10. Inventories

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Balance sheet:						
Raw materials	556	415	451	–	–	–
Work-in-progress	167	185	177	–	–	–
Finished goods	1,777	1,071	1,043	–	–	–
Machinery spares and consumables	14	9	11	–	–	–
Goods in transit	1,157	325	925	–	–	–
	3,671	2,005	2,607	–	–	–
Less: Allowance for stock obsolescence	(359)	(703)	(149)	–	–	–
Total inventories at lower of cost and net realisable value	3,312	1,302	2,458	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Inventories (continued)

Movements in allowance for stock obsolescence during the financial year:

	2018 $'000	2017 $'000
At 1 January	703	149
Charge for the year	42	586
Written back	(377)	(29)
Write off	(9)	(3)
At 31 December	359	703
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	4,649	5,533

Inventories were written back as the Group expects the related inventories to be sold in the next financial year.

11. Trade and other receivables

	Group			Company		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Non-current						
Loan to subsidiary	–	–	–	–	–	60
Fixed deposits pledged	–	–	55	–	–	–
Deposits	2	9	10	–	–	–
	2	9	65	–	–	60
Current						
Trade receivables	7,755	7,710	7,016	–	–	–
Other receivables	1,038	1,159	723	153	6	18
Fixed deposits pledged	–	356	648	–	–	–
Deposits	63	70	310	7	7	32
	8,856	9,295	8,697	160	13	50
Total trade and other receivables	8,858	9,304	8,762	160	13	110
Add:						
Amounts due from subsidiaries (Note 12)	–	–	–	1,702	5,170	6,716
Amounts due from joint ventures (Note 13)	72	56	45	–	–	–
Cash and cash equivalents (Note 15)	13,853	9,842	19,829	7,752	5,652	15,048
Total financial assets carried at amortised cost	22,783	19,202	28,636	9,614	10,835	21,874

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Trade and other receivables (continued)

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 $3,640,000 as at 31 December 2017 and $2,886,000 as at 1 January 2017 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:

	31.12.2017	**1.1.2017**
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	2,684	1,994
30 to 60 days	256	627
61 to 90 days	298	143
91 to 120 days	299	3
121 to 150 days	63	81
More than 150 days	40	38
	3,640	2,886

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	
	Individually impaired	
	31.12.2017	**1.1.2017**
	$'000	$'000
Trade receivables – nominal amounts	37	–
Less: Allowance for impairment	(37)	–
At 31 December	–	–

	2017
	$'000
Movement in allowance accounts:	
At 1 January	–
Charge for the year	37
At 31 December	37

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Trade and other receivables (continued)

Receivables that are past due but not impaired (continued)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group Trade receivables
	2018
	$'000
Movement in allowance accounts:	
Balance at 1 January 2018 under SFRS	37
Effects of SFRS(I) 9 adoption	49
Balance at 1 January 2018 under SFRS(I) 9	86
Written back	(43)
Written off	(37)
At 31 December	6

Trade receivables denominated in foreign currencies at each reporting date are as follows:

		Group			**Company**	
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	379	99	51	–	–	–
Malaysian Ringgit	–	8	–	–	–	–

12. Amounts due from/(to) subsidiaries

		Company	
	2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Loans to subsidiaries – nominal amounts	1,724	1,822	1,196
Amounts due from subsidiaries – nominal amounts	3,226	5,010	5,520
Less: Allowance for impairment	(3,248)	(1,662)	–
	1,702	5,170	6,716

	2018	**2017**
	$'000	$'000
Movement in allowance accounts:		
At 1 January	1,662	–
Charge for the year	2,089	1,662
Written back	(375)	–
Written off	(128)	–
At 31 December	3,248	1,662

Amounts due to subsidiaries	552	–	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Amounts due from/(to) subsidiaries (continued)

Loans to subsidiaries

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 amounts are denominated in Singapore Dollar.

Amounts due from/(to) subsidiaries

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

Amounts due to subsidiaries denominated in foreign currency at each reporting date is as follows:

	Company		
	2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Malaysian Ringgit	50	–	–

The Company has assessed that there is a significant increase in credit risk since origination of the loan and amounts due from two of its subsidiaries. Accordingly, the Company has recognised a loss allowance amounting to $2,089,000, representing credit losses expected over the remaining life of the exposure, irrespective of the timing of default (i.e. lifetime ECL).

13. Amounts due from/(to) joint ventures

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Amounts due from associates

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Amounts due from associates – nominal amounts	–	248	175	–	–	–
Less: Allowance for impairment	–	(248)	(175)	–	–	–
	–	–	–	–	–	–

	2018	2017
	$'000	$'000
Movement in allowance accounts:		
At 1 January	248	175
Charge for the year	–	128
Written back	–	(55)
Written off	(248)	–
At 31 December	–	248

Amounts due from associates are unsecured, non-interest bearing and are repayable on demand. The amounts are denominated in Singapore Dollar.

During the financial year, the Group wrote-off $248,000 of amounts due from associates which were previously impaired as the amounts were more than 365 days past due and the Group does not expect to receive future cash flows.

15. Cash and cash equivalents

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed deposits	8,762	5,285	11,555	7,500	5,000	11,500
Cash and bank balances	5,091	4,557	8,274	252	652	3,548
	13,853	9,842	19,829	7,752	5,652	15,048

Interest on fixed deposits with financial institutions are at rates ranging from 0.85% to 4.08% (2017: 0.85% to 1.10%) per annum. These fixed deposits mature in varying periods ranging from 1 to 6 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Cash and cash equivalents (continued)

Cash and cash equivalents denominated in foreign currencies at each reporting date are as follows:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Malaysian Ringgit	5	39	105	–	–	–
Thai Baht	–	–	154	–	–	–
United States Dollar	108	236	154	14	13	–

16. Trade and other payables

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	2,410	1,751	2,519	–	–	–
Other payables	1,892	2,305	2,863	270	368	603
Trade and other payables	4,302	4,056	5,382	270	368	603
Add:						
Accrued operating expenses	1,400	1,617	1,296	280	393	235
Finance lease (Note 32)	248	348	45	–	–	45
Bank loan (Note 17)	10,753	11,469	12,197	10,753	11,469	12,197
Amount due to a joint venture (Note 13)	27	60	57	–	–	–
Amount due to a subsidiary (Note 12)	–	–	–	552	–	–
Amount due to a non-controlling interest (Note 18)	–	–	26	–	–	–
Less: Goods and services tax	(496)	(578)	(500)	(31)	(51)	–
Total financial liabilities carried at amortised costs	16,234	16,972	18,503	11,824	12,179	13,080

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. Trade and other payables (continued)

Trade and other payables

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

Trade payables denominated in foreign currencies at each reporting date are as follows:

	Group			Company		
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Euro	59	228	109	–	–	–
United States Dollar	1,568	277	1,242	–	–	–
Malaysian Ringgit	12	44	–	–	–	–
British Pound	35	–	–	–	–	–

17. Loans and borrowings

	Group			Company		
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Current:						
Obligations under finance leases (Note 32(b))	100	100	30	–	–	30
Bank loan	833	833	833	833	833	833
	933	933	863	833	833	863
Non-current:						
Obligations under finance leases (Note 32(b))	148	248	15	–	–	15
Bank loan	9,920	10,636	11,364	9,920	10,636	11,364
	10,068	10,884	11,379	9,920	10,636	11,379
Total loans and borrowings	11,001	11,817	12,242	10,753	11,469	12,242

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Loans and borrowings (continued)

A reconciliation of liabilities arising from financing activities is as follows:

	31.12.2017	Cash flows	Non-cash changes Acquisition	Other	2018
	$'000	$'000	$'000	$'000	$'000
Obligations under finance leases					
- current	100	(100)	–	100	100
- non-current	248	–	–	(100)	148
Bank loan					
- current	833	(716)	–	716	833
- non-current	10,636	–	–	(716)	9,920
	11,817	(816)	–	–	11,001

	1.1.2017	Cash flows	Non-cash changes Acquisition	Other	31.12.2017
	$'000	$'000	$'000	$'000	$'000
Obligations under finance leases					
- current	30	(90)	104	56	100
- non-current	15	(15)	304	(56)	248
Bank loan					
- current	833	(728)	–	728	833
- non-current	11,364	–	–	(728)	10,636
	12,242	(833)	408	–	11,817

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 4). The average discount rate implicit in the leases is 4.78% p.a. (2017: 4.78% p.a.). These obligations are denominated in Singapore Dollar.

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 and Note 5) which is repayable over 180 monthly principal instalments ending 13 July 2031.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

19. Share capital

	Group and Company			
	2018		2017	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	400,000,000	61,644	400,000,000	61,644

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

20. 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.

21. 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.

22. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Revenue

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time	Over time	Total
	$'000	$'000	$'000
2018			
Security Printing			
- Singapore	5,482	3,136	8,618
Security Guarding			
- Singapore	–	27,830	27,830
Cyber Security			
- Singapore	724	297	1,021
Homeland security and digital forensic			
- Singapore	244	54	298
- Philippines	1,684	10	1,694
- Others	6	16	22
	1,934	80	2,014
System integration, security consultancy and security training			
- Singapore	86	1,662	1,748
Total	8,226	33,005	41,231

23. Revenue (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

	At a point in time	Over time	Total
	$'000	$'000	$'000
2017			
Security Printing			
- Singapore	6,759	3,641	10,400
Security Guarding			
- Singapore	–	24,787	24,787
Cyber Security			
- Singapore	1,879	483	2,362
Homeland security and digital forensic			
- Singapore	756	26	782
- Philippines	423	–	423
- Others	75	20	95
	1,254	46	1,300
System integration, security consultancy and security training			
- Singapore	508	2,217	2,725
Total	10,400	31,174	41,574

(b) Contract assets and contract liabilities

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Receivables from contracts with customers (Note 11)	7,755	7,710	7,016
Contract assets	313	196	44
Contract liabilities	356	911	864

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $Nil (2017: $37,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for security printing services rendered and sales of technology-related security products. Contract assets are transferred to receivables when the rights become unconditional. The contract assets balance increased at the end of the current financial year as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Revenue (continued)

(b) Contract assets and contract liabilities (continued)

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for rendering of security printing services and sale of technology-related security products. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	2018 $'000	2017 $'000
Contract assets reclassified to receivables	196	44

(ii) Significant changes in contract liabilities are explained as follows:

	2018 $'000	2017 $'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	610	466

24. Other operating income

	2018 $'000	2017 $'000
Interest income from		
- Debt instruments at amortised cost	100	–
- Loans and receivables	–	62
Handling fee	284	427
Government grant income	985	994
Scrap sales	29	35
Rental income	98	50
Management fee from a joint venture	12	12
Gain on loss of control in a subsidiary	–	39
Others	124	202
	1,632	1,821

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

25. Write back/(impairment loss) on financial assets

	2018 $'000	2017 $'000
Write back/(impairment loss) on financial assets:		
- Trade receivables (Note 11)	43	(37)
- Amounts due from associates (Note 14)	–	(73)
	43	(110)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	2018 $'000	2017 $'000
Audit fees:		
- Auditor of the Company	200	165
- Other auditors	2	2
Non-audit fees:		
- Auditor of the Company	106	96
Employee benefits (Note 27)	29,780	29,775
Depreciation of property, plant and equipment and investment property (Note 4,5)	2,083	2,040
Amortisation and impairment of intangible assets (Note 6)	218	460
(Write back)/allowance for stock obsolescence (Note 10)	(335)	557
Directors' fees	175	173
Operating lease expenses	190	239
Impairment of property, plant and equipment (Note 4)	–	49
Loss/(gain) on disposal of property, plant and equipment	212	(12)

27. Employee benefits (including directors)

	2018 $'000	2017 $'000
Wages, salaries and bonuses	25,112	24,865
Central Provident Fund contributions	2,465	2,432
Share-based payments expense	66	98
Other short-term benefits	2,137	2,380
	29,780	29,775

Employee share option plan

Secura Employee Share Option Scheme

Under the Secura Employee Share Option Scheme ("ESOS"), 18,400,000 share options were granted to the Group's Directors during the financial year ended 31 December 2016. 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 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. Employee benefits (including directors) (continued)

Employee share option plan (continued)

Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2018		2017	
	No.	WAEP	No.	WAEP
Outstanding at 1 January	10,400,000	0.25	18,400,000	0.25
- Forfeited	(800,000)	0.25	(8,000,000)	0.25
Outstanding at 31 December	9,600,000	0.25	10,400,000	0.25
Exercisable at 31 December	9,600,000	0.25	10,400,000	0.25

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 in 2017 was $0.042. It takes into account historical 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.

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 7.36 years (2017: 8.36 years).

28. Income tax expense/(credit)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2018 and 2017 are:

	2018	2017
	$'000	$'000
Current income tax		
- current year	407	2
- under/(over) provision in respect of previous years	8	(82)
- tax losses transferred	–	(125)
Deferred income tax		
- origination and reversal of temporary differences	(257)	(69)
- over provision in respect of previous years	(72)	–
Income tax expense/(credit) recognised in profit or loss	86	(274)

28. Income tax expense/(credit) (continued)

Relationship between tax expense/(credit) and profit/(loss) before tax

A reconciliation between tax expense/(credit) and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018	2017
	$'000	$'000
Profit/(loss) before tax	1,948	(2,209)
Tax at statutory rate of 17% (2017: 17%)	331	(376)
Adjustments:		
Income not subject to taxation	(143)	(8)
Non-deductible expenses	95	492
Under/(over) provision in respect of previous years:		
- current income tax	8	(82)
- deferred income tax	(72)	–
Effect of partial tax exemption and tax relief	(61)	(418)
Benefits from previously unrecognised tax losses	(276)	–
Deferred tax assets not recognised	2	165
Tax effect of different tax rate in other countries	130	(5)
Share of results of joint ventures and associates	35	(63)
Others	37	21
Income tax expense/(credit) recognised in profit or loss	86	(274)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Income tax expense/(credit) (continued)

Deferred tax

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

	Group				
	Balance sheet			Income statement	
	2018	31.12.2017	1.1.2017	2018	2017
	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities					
Acquisition of subsidiaries	(618)	(706)	(835)	(88)	(129)
Differences in depreciation	(296)	(193)	(394)	103	(201)
Grant receivables	(105)	(109)	(116)	(4)	(7)
Deferred tax assets					
Provisions and other temporary differences	379	39	307	(340)	268
Net deferred tax liabilities	(640)	(969)	(1,038)		
				(329)	(69)

	Company		
	Balance sheet		
	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Deferred tax assets			
Provisions and other temporary differences	240	–	–
Net deferred tax assets	240	–	–

Unrecognised capital allowances, donations, unutilised tax losses and other temporary differences

At the end of the financial year ended 31 December 2018, the Group has unutilised capital allowances, unutilised donations, unutilised tax losses and other temporary differences of approximately $1,694,000 (31.12.2017: $3,306,000, 1.1.2017: $2,335,000) 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.

28. Income tax expense/(credit) (continued)

Unrecognised temporary differences relating to investment in associates

At the end of the reporting period, no deferred tax liability (31.12.17: Nil, 1.1.17: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's associates as the Group has determined that undistributed earnings of its associates will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $396,000 (31.12.2017: $322,000, 1.1.2017: $Nil). The deferred tax liability is estimated to be $79,000 (31.12.17: $64,000, 1.1.17: $Nil).

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

29. Earnings/(loss) per share

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

Diluted earnings/(loss) per share are calculated by dividing profit/(loss) 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 table reflects the profit/(loss) and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2018	**2017**
Earnings per ordinary share ("EPS"):		
Profit/(loss) for the year attributable to owners of the Company ('000)	1,866	(1,782)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	400,000	400,000
Earnings/(loss) per ordinary share - Basic and diluted (cents)	0.47	(0.45)

9,600,000 (2017: 10,400,000) share options granted to directors under the Secura Employer Share Option Scheme have not been included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. Dividends

	2018	2017
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
First and final one-tier tax exempt dividend for 2016: 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 2018: 0.3 cents per share (2017: Nil)	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:

	2018	2017
	$'000	$'000
Income		
Management fee from a joint venture	12	12
Sale to a joint venture	231	246
Sale to director-related companies	318	285
Expenses		
Purchases from a joint venture	194	244
Purchases from a director-related company	–	41

31. Related party disclosures (continued)

(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.

	2018	2017
	$'000	$'000
Short-term employee benefits	1,073	1,834
Central Provident Fund contributions	73	135
Share-based payment expense	66	98
Total compensation paid to key management personnel	1,212	2,067
Comprise amounts paid to:		
Directors of the Company	1,043	1,515
Other key management personnel	169	552
	1,212	2,067

Directors' interest in employee share option plan

None of the directors exercised their options for ordinary shares of the Company during the financial year.

32. Commitments

(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:

	2018	2017
	$'000	$'000
Not later than one year	177	215
Later than one year but not later than five years	385	440
Later than five years	875	965
	1,437	1,620

32. Commitments (continued)

(b) *Finance lease commitments*

The Group has finance leases for motor vehicles and machineries. The finance leases have lease terms of between 24 and 60 (31.12.2017: 24 and 60, 1.1.2017: 24) months.

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

	Group						Company					
	2018	**2018**	**31.12.17**	**31.12.17**	**1.1.17**	**1.1.17**	**2018**	**2018**	**31.12.17**	**31.12.17**	**1.1.17**	**1.1.17**
	$'000	$'000	$'000	$'000	$'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	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Not later than one year	110	100	109	100	31	30	–	–	–	–	31	30
Later than one year but not later than five years	166	148	271	248	16	15	–	–	–	–	16	15
Total minimum lease payments	276	248	380	348	47	45	–	–	–	–	47	45
Less: Amounts representing finance charges	(28)	–	(32)	–	(2)	–	–	–	–	–	(2)	–
Present value of minimum lease payments	248	248	348	348	45	45	–	–	–	–	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 five reportable segments, namely:

(a) Corporate

(b) Security Printing

(c) Security Guarding

(d) Cyber Security

(e) Homeland Security and Digital Forensic

(f) System Integration, Security Consultancy and Security Training

33. Segment information (continued)

	Corporate	Security Printing	Security Guarding	Cyber Security	Homeland security and digital forensic	System Integration, Security Consultancy and Security Training	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000 (Note A)	$'000
Year ended 31 December 2018								
Revenue:								
External customers	–	8,618	27,830	1,021	2,014	1,748	–	41,231
Inter-segment	1,430	1	57	4	–	1,064	(2,556)	–
Results:								
Interest income	111	20	4	–	–	–	(35)	100
Depreciation of property, plant and equipment and investment property	499	1,258	130	27	17	152	–	2,083
Amortisation of intangible assets	–	218	–	–	–	–	–	218
Share of results of joint ventures and associates	(426)	221	–	–	–	–	–	(205)
Segment (loss)/profit	(859)	372	1,970	202	352	(175)	–	1,862
Assets:								
Segment assets, representing total assets	34,897	19,637	7,972	430	2,885	1,860	(3,409)	64,272
Liabilities:								
Segment liabilities, representing total liabilities	12,454	2,352	4,470	324	3,298	1,912	(6,618)	18,192

33. Segment information (continued)

	Corporate	Security Printing	Security Guarding	Cyber Security	Homeland security and digital forensic	System Integration, Security Consultancy and Security Training	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000 (Note A)	$'000
Year ended 31 December 2017								
Revenue:								
External customers	–	10,400	24,787	2,362	1,300	2,725	–	41,574
Inter-segment	2,960	–	–	42	–	896	(3,898)	–
Results:								
Interest income	88	–	–	–	–	–	(26)	62
Depreciation of property, plant and equipment	400	1,381	60	42	22	135	–	2,040
Amortisation and impairment of intangible assets	–	218	–	242	–	–	–	460
Share of results of joint ventures and associates	180	190	–	–	–	–	–	370
Impairment of goodwill	–	–	–	1,388	–	–	–	1,388
Segment (loss)/profit	(458)	1,161	814	(2,011)	(1,020)	(421)	–	(1,935)
Assets:								
Segment assets, representing total assets	35,775	20,909	8,491	755	873	2,868	(5,968)	63,703
Liabilities:								
Segment liabilities, representing total liabilities	13,628	3,380	4,710	844	1,645	2,800	(7,510)	19,497

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Segment information (continued)

	Corporate $'000	Security Printing $'000	Security Guarding $'000	Cyber Security $'000	Homeland security and digital forensic $'000	System Integration, Security Consultancy and Security Training $'000	Elimination $'000 (Note A)	Total $'000
At 1 January 2017								
Assets:								
Segment assets, representing total assets	40,918	21,937	7,668	3,149	2,552	1,137	(8,836)	68,525
Liabilities:								
Segment liabilities, representing total liabilities	14,828	5,438	5,201	1,270	2,444	826	(8,808)	21,199

Note A: Inter-segment sales, interest income, assets and liabilities are eliminated on consolidation.

33. Segment information (continued)

Geographical information

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

Revenue	**2018**	**2017**
	$'000	$'000
Singapore	39,515	41,056
Philippines	1,694	423
Others	22	95
	41,231	41,574

Non-current assets		
Singapore	36,185	38,839
Malaysia	–	2,412
Taiwan	636	581
Bangladesh	778	613
	37,599	42,445

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

34. Contingent liabilities

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

The Group has provided a corporate guarantee to a bank for a $55,840 (31.12.2017: $103,700, 1.1.2017: Nil) finance lease taken by a subsidiary.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 150 days when they fall due, which is derived based on the Group's historical information. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– Internal credit rating
– External credit rating
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
– Actual or expected significant changes in the operating results of the debtor
– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the debtor
– A breach of contract, such as a default or past due event
– It is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation
– There is a disappearance of an active market for that financial asset because of financial difficulty

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments for more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade Receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. In analysing the expected credit losses, the Group also incorporates forward looking information based on the forecasted gross domestic product and economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

2018	**Current**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**91-120 days past due**	**121-150 days past due**	**More than 150 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	2,821	2,998	1,115	460	327	37	3	7,761
Loss allowance provision	–	–	–	–	–	5	1	6

Information regarding loss allowance movement of trade receivables are disclosed in Note 11 (Trade and other receivables).

During the financial year, the Group wrote-off $37,000 of trade receivables which were previously impaired as the amounts were more than 365 days past due and the Group does not expect to receive future cash flows.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) 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.

	2018	2017
	$'000	$'000
	(Decrease)/increase in profit/(loss) before tax	
USD/SGD		
- strengthened 3% (2017: 3%)	(32)	(2)
- weakened 3% (2017: 3%)	32	2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (continued)

(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 2018

Group	One year or less	One to five years	Total
	$'000	$'000	$'000
Financial assets:			
Trade and other receivables	8,856	2	8,858
Amounts due from joint ventures	72	–	72
Cash and cash equivalents	13,853	–	13,853
Total undiscounted financial assets	22,781	2	22,783
Financial liabilities:			
Trade and other payables	3,806	–	3,806
Accrued operating expenses	1,400	–	1,400
Finance lease	110	166	276
Bank loan	1,233	12,947	14,180
Amount due to a joint venture	27	–	27
Financial guarantee contract	56	–	56
Total undiscounted financial liabilities	6,632	13,113	19,745
Total net undiscounted financial assets/ (liabilities)	16,149	(13,111)	3,038

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2017

Group	One year or less	One to five years	Total
	$'000	$'000	$'000
Financial assets:			
Trade and other receivables	9,295	9	9,304
Amounts due from joint ventures	56	–	56
Cash and cash equivalents	9,842	–	9,842
Total undiscounted financial assets	19,193	9	19,202
Financial liabilities:			
Trade and other payables	3,478	–	3,478
Accrued operating expenses	1,617	–	1,617
Finance lease	109	271	380
Bank loan	1,137	13,711	14,848
Amount due to a joint venture	60	–	60
Financial guarantee contract	104	–	104
Total undiscounted financial liabilities	6,505	13,982	20,487
Total net undiscounted financial assets/ (liabilities)	12,688	(13,973)	(1,285)

As at 1 January 2017

Group	One year or less	One to five years	Total
	$'000	$'000	$'000
Financial assets:			
Trade and other receivables	8,697	65	8,762
Amount due from a joint venture	45	–	45
Cash and cash equivalents	19,829	–	19,829
Total undiscounted financial assets	28,571	65	28,636
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)	21,210	(13,843)	7,367

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2018

Company	**One year or less**	**One to five years**	**Total**
	$'000	$'000	$'000
Financial assets:			
Trade and other receivables	160	–	160
Amounts due from subsidiaries	1,702	–	1,702
Cash and cash equivalents	7,752	–	7,752
Total undiscounted financial assets	9,614	–	9,614
Financial liabilities:			
Trade and other payables	239	–	239
Accrued operating expenses	280	–	280
Bank loan	1,233	12,947	14,180
Amounts due to subsidiaries	552	–	552
Total undiscounted financial liabilities	2,304	12,947	15,251
Total net undiscounted financial assets/ (liabilities)	7,310	(12,947)	(5,637)

As at 31 December 2017

Financial assets:			
Trade and other receivables	13	–	13
Amounts due from subsidiaries	5,219	–	5,219
Cash and cash equivalents	5,652	–	5,652
Total undiscounted financial assets	10,884	–	10,884
Financial liabilities:			
Trade and other payables	317	–	317
Accrued operating expenses	393	–	393
Bank loan	1,137	13,711	14,848
Total undiscounted financial liabilities	1,847	13,711	15,558
Total net undiscounted financial assets/ (liabilities)	9,037	(13,711)	(4,674)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 1 January 2017

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

(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.

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 range between 1.08% to 1.18% (2017: 0.88% to 1.08%) 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	
	2018	**2017**
	$'000	$'000
	(Decrease)/increase in profit before tax	
Bank borrowings		
- increase in interest rate (2017: 0.5%)	(54)	(57)
- decrease in interest rate (2017: 0.5%)	54	57

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios 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 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, contract liabilities, accrued operating expenses, finance lease, bank loan, amount due to a joint venture less and cash equivalents. Total capital is calculated as total equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. Capital management (continued)

		Group		
		2018	**31.12.2017**	**1.1.2017**
	Note	$'000	$'000	$'000
Trade and other payables	16	4,302	4,056	5,382
Contract liabilities	23	356	911	864
Accrued operating expenses		1,400	1,617	1,296
Finance lease	17,32	248	348	45
Bank loan	17	10,753	11,469	12,197
Amount due to a joint venture	13	27	60	57
Less: Cash at banks and on hand	15	(13,853)	(9,842)	(19,829)
Net debt		3,233	8,619	12
Total equity		46,080	44,206	47,326
Total capital		49,313	52,825	47,338
Gearing ratio		6.6%	16.3%	–*

* The gearing ratio is less than 0.1%.

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					
	2018		**31.12.2017**		**1.1.2017**	
	$'000		$'000		$'000	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability:						
Finance lease (non-current)	148	166	248	271	15	16

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 3 April 2019.

STATISTICS OF SHAREHOLDINGS
AS AT 11 MARCH 2019

Number of ordinary shares in issue	:	400,002,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company did not hold any treasury shares and subsidiary holdings.

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	1	0.06	63	0.00
100 - 1,000	562	33.51	553,100	0.14
1,001 - 10,000	403	24.03	2,431,300	0.61
10,001 - 1,000,000	677	40.37	76,374,337	19.09
1,000,001 AND ABOVE	34	2.03	320,643,200	80.16
TOTAL	**1,677**	**100.00**	**400,002,000**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares	%
1	KESTREL INVESTMENTS PTE. LTD.	162,145,600	40.54
2	CITY DEVELOPMENTS LIMITED	27,294,900	6.82
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	19,281,600	4.82
4	DBS NOMINEES (PRIVATE) LIMITED	14,633,200	3.66
5	UOB KAY HIAN PRIVATE LIMITED	9,471,300	2.37
6	CHIEW POH CHENG	8,591,000	2.15
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,974,200	1.24
8	RAFFLES NOMINEES (PTE) LIMITED	4,858,500	1.21
9	ANG HAO YAO (HONG HAOYAO)	4,518,200	1.13
10	HARTONO TJAHJADI	4,299,700	1.07
11	PHILLIP SECURITIES PTE LTD	4,230,900	1.06
12	TAN CHOON KEAT TONY	4,055,900	1.01
13	LOCK WAI HAN	4,032,000	1.01
14	TAN INSURANCE BROKERS PTE LTD	4,003,100	1.01
15	TAN CHOR KHER TERRY	3,890,000	0.97
16	KUOK KHONG HONG @KUOK KHOON HONG	3,503,700	0.88
17	CITIBANK NOMINEES SINGAPORE PTE LTD	3,494,000	0.87
18	LIM TIEN LOCK CHRISTOPHER	3,445,900	0.86
19	RICHARD TEH LIP HEONG	3,275,400	0.82
20	TAN WEE HAN	3,168,000	0.79
	TOTAL	**297,167,100**	**74.29**

STATISTICS OF SHAREHOLDINGS
AS AT 11 MARCH 2019

Directors' Shareholdings
(Based on the Register of Directors' Shareholdings)

Name of Directors	Direct interest	%	Deemed interest	%
Kan Kheong Ng	50,000	0.01	–	–
Lim Joey Matthias	60,000	0.01	–	–

Substantial Shareholders
(Based on the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct interest	%	Deemed interest	%
Kestrel Investments Pte. Ltd.	162,145,600	40.54	–	–
Lim Eng Hock (1)	–	–	162,145,600	40.54
City Developments Limited	27,294,900	6.82	–	–
Hong Leong Investment Holdings Pte. Ltd. (2)	–	–	27,294,900	6.82

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 162,145,600 shares held by Kestrel Investments Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act ("**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.

PUBLIC FLOAT

As at 11 March 2019, 52.61% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

NOTICE OF ANNUAL GENERAL MEETING

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, 25 April 2019 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 2018 ("**FY2018**") 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 share for FY2018. (2017: Nil) **(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**"):

    (a) Dr Ho Tat Kin **(Resolution 3(a))**
    (b) Ms Lim Siok Leng **(Resolution 3(b))**

    [See Explanatory Note (i)]

    *Dr Ho Tat Kin will, upon re-election as a Director, remain as the Chairman of the Board and the Chairman of 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 Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").*

    Ms Lim Siok Leng will, upon re-election as a Director, remain as the Executive Director and Chief Financial Officer.

4. To re-elect the following Directors retiring pursuant to Article 99 of the Constitution:

    (a) Mr Kan Kheong Ng **(Resolution 4(a))**
    (b) Mr Lim Joey Matthias **(Resolution 4(b))**
    (c) Ms Christina Teo Tze Wei (Zhao Ziwei) **(Resolution 4(c))**

    [See Explanatory Note (ii)]

    Mr Kan Kheong Ng will, upon re-election as a Director, remain as the Executive Director and Chief Executive Officer.

    Mr Lim Joey Matthias will, upon re-election as a Director, remain as a member of the Audit Committee, and will be considered non-independent for purposes of Rule704(7) of the Catalist Rules.

    Ms Christina Teo Tze Wei (Zhao Ziwei) will, upon re-election as a Director, remain as a member of the Nominating Committee.

5. To approve the payment of Directors' fees of S$245,250 for the financial year ending 31 December 2019, payable quarterly in arrears. (2018: S$172,750) **(Resolution 5)**

6. To re-appoint Ernst & Young LLP as the auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. **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 ("**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) (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 ("**Shareholders**") shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (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) 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 exercise of 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

NOTICE OF ANNUAL GENERAL MEETING

(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 (iii)] **(Resolution 7)**

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 (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 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) 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 (iv)] **(Resolution 8)**

10. **Adoption of the Share Buyback Mandate**

That:

(a) for the purposes of the Act, the exercise by the Directors of all of the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(i) the date on which the next AGM is held or required by law to be held; or

(ii) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated.

NOTICE OF ANNUAL GENERAL MEETING

In this resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the number of the issued Shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, after the date of this resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

(1) "**Average Closing Price**" means the average of the closing market prices of the Shares traded on the SGX-ST over the last 5 Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(2) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

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

By Order of the Board

Ngiam May Ling
Secretary

Singapore, 10 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Resolutions 3(a) and 3(b) are for the re-election of Dr Ho Tat Kin and Ms Lim Siok Leng, Directors who retire by rotation at the AGM. Additional information on Dr Ho Tat Kin and Ms Lim Siok Leng, which is required under Rule 720(5) of the Catalist Rules, is set out on pages 13 to 23 in the Company's annual report 2018.

There are no relationships including family relationships between Dr Ho Tat Kin, Ms Lim Siok Leng and the other Directors, the Company, its related corporations, its 10% Shareholders or its officers.

(ii) Resolutions 4(a), 4(b) and 4(c) are for the re-election of Mr Kan Kheong Ng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei), Directors who joined on 1 February 2019, after the last AGM. Additional information on Mr Kan Kheong Ng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei), which is required under Rule 720(5) of the Catalist Rules, is set out on pages 13 to 23 in the Company's annual report 2018.

Mr Kan Kheong Ng holds approximately 0.01% of the issued share capital of the Company.

Mr Lim Joey Matthias holds approximately 0.01% of the issued share capital of the Company. Mr Lim was nominated by the Company's controlling Shareholder, Kestrel Investments Pte Ltd, which is wholly-owned by Mr Peter Lim.

Save as disclosed, there are no relationships including family relationships between Mr Kan Kheong Ng, Mr Lim Joey Matthias and Ms Christina Teo Tze Wei (Zhao Ziwei) and the other Directors, the Company, its related corporations, its 10% Shareholders or its officers.

(iii) Resolution 7, 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 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to Shareholders.

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) at the time this resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or shares options or vesting of share awards which are outstanding or subsisting at the time when this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. As at 10 April 2019, the Company did not have treasury shares or subsidiary holdings.

(iv) Resolution 8, 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 allot and issue Shares 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 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

(v) Resolution 9, if passed, will empower the Directors from the date of the passing of the resolution until the earlier of the date of the next AGM, or the date by which the next AGM is required by law to be held, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of the resolution on the terms of the Share Buyback Mandate as set out in the Letter to Shareholders dated 10 April 2019 ("**Letter**"), unless such authority is earlier revoked or varied by Shareholders at a general meeting.

The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects of the Share Buyback Mandate based on the audited financial statements of the Group for FY2018 and certain assumptions, are set out in paragraph 2.8 of the Letter.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than 1 proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak 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. Where such member's form of proxy appoints more than 2 proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**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.

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 10 April 2019.

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, 25 April 2019 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	Number of votes for[1]	Number of votes against[1]
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Auditor's Report thereon		
2	Payment of first and final one-tier tax exempt dividend of 0.3 Singapore cents per share for the financial year ended 31 December 2018		
3(a)	Re-election of Dr Ho Tat Kin as a Director of the Company		
3(b)	Re-election of Ms Lim Siok Leng as a Director of the Company		
4(a)	Re-election of Mr Kan Kheong Ng as a Director of the Company		
4(b)	Re-election of Mr Lim Joey Matthias as a Director of the Company		
4(c)	Re-election of Ms Christina Teo Tze Wei (Zhao Ziwei) as a Director of the Company		
5	Directors' fees amounting to S$245,250 for the financial year ending 31 December 2019, payable quarterly in arrears		
6	Re-appointment of Ernst & Young LLP as auditors of the Company		
7	Authority to allot and issue shares in the capital of the Company		
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		
9	Adoption of the Share Buyback Mandate		

[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 ______________ 2019

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. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his 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 the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than 1 proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak 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. Where such member's form of proxy appoints more than 2 proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending, speaking 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.

4. The instrument appointing a proxy or proxies 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 the AGM.

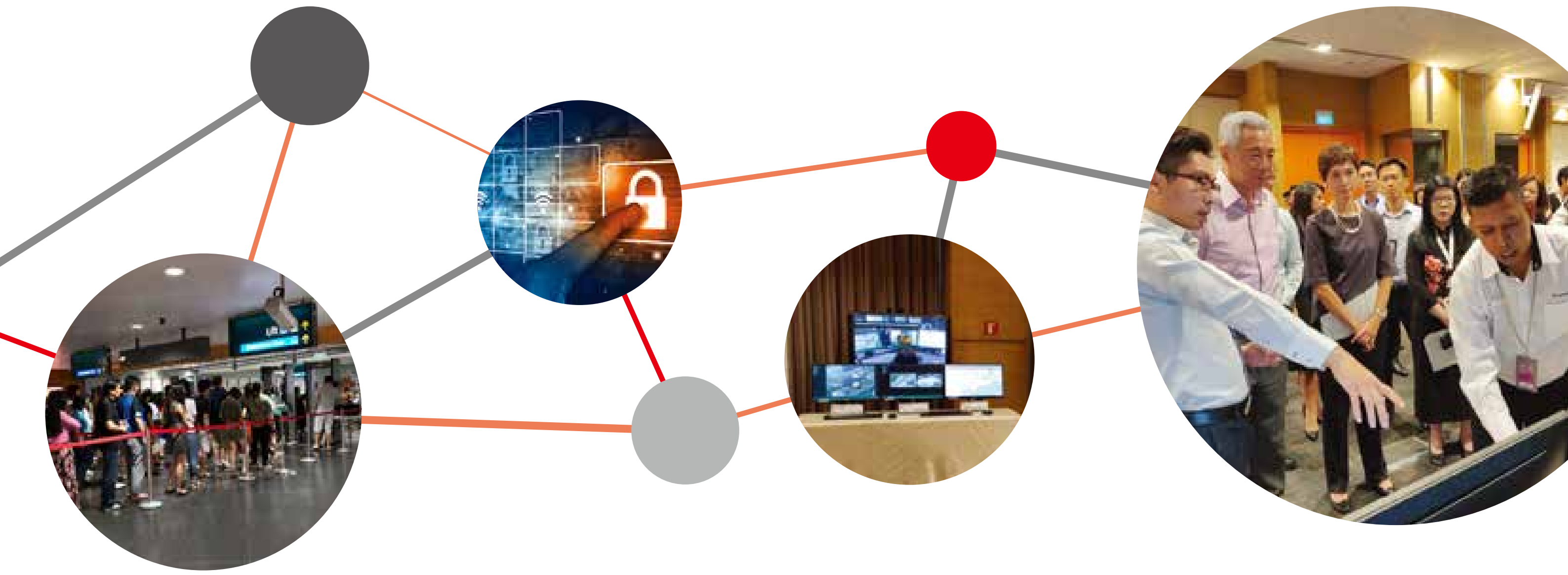
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney 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.

6. 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, Chapter 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 (including any related attachment). 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. Kan Kheong Ng
(Executive Director and Chief Executive Officer)
Ms. Lim Siok Leng
(Executive Director and Chief Financial Officer)
Mr. Lim Joey Matthias
(Non-Executive, Non-Independent Director)
Mr. Gary Ho Kuat Foong
(Independent Director)
Mr. Ong Pang Liang
(Independent Director)
Ms. Christina Teo Tze Wei (Zhao Ziwei)
(Independent Director)

AUDIT COMMITTEE
Mr. Ong Pang Liang *(Chairman)*
Dr. Ho Tat Kin
Mr. Gary Ho Kuat Foong
Mr. Lim Joey Matthias

NOMINATING COMMITTEE
Dr. Ho Tat Kin *(Chairman)*
Mr. Ong Pang Liang
Mr. Gary Ho Kuat Foong
Ms. Christina Teo Tze Wei (Zhao Ziwei)

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

COMPANY SECRETARY
Ms. Ngiam May Ling *(LLB (Hons))*

COMPANY REGISTRATION NUMBER
201531866K

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

SPONSOR
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

INVESTOR RELATIONS
August Consulting Pte Ltd
101 Thomson Road
#30-02 United Square
Singapore 307591
Tel: +65 6733 8873
Email: ir@securagroup.sg

2018 Secura Group Limited Annual Report
Company Registration No. 201531866K
Incorporated in the Republic of Singapore on 14 August 2015

SECURA
GROUP LIMITED

Secura Building
38 Alexandra Terrace Singapore 119932
Tel: (65) 6813 9500 Fax: (65) 6813 9629

www.securagroup.sg