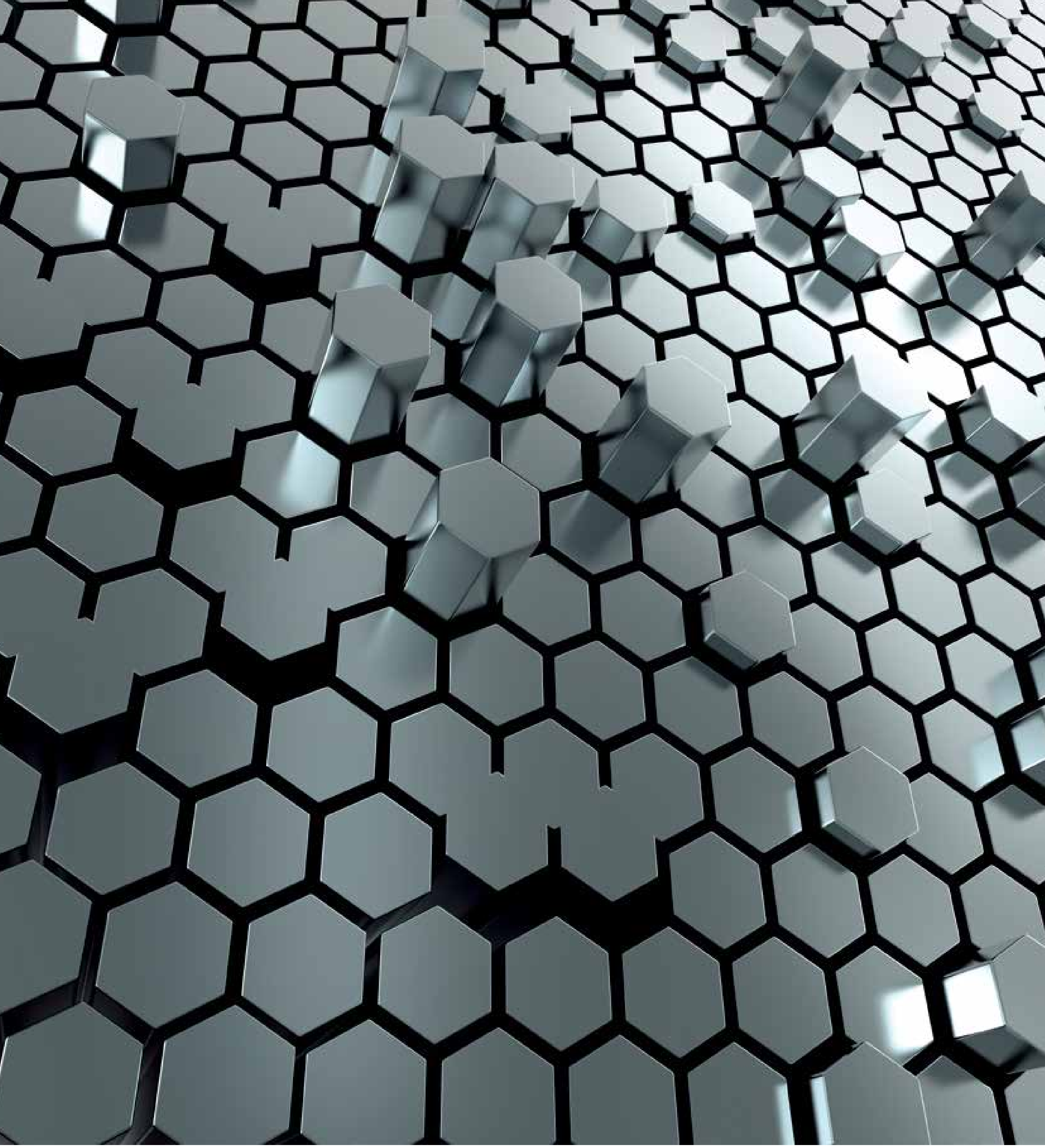

Cyber Security | Homeland Security | Security Guarding
Integrated Command Centre | Security Consultancy
Systems Integration | Training | Security Printing
Event Security | Executive Protection

SECURA
GROUP LIMITED

STRENGTHENING THE CORE

ANNUAL REPORT 2017

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

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

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 Group**" 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 passbook, 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, cybersecurity, 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 Group 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

Our core capabilities as an integrated security solutions provider remain in strong demand in today's world. With ongoing threats of terrorism and social unrest, and cyber attacks becoming more sophisticated with far-reaching impact, security remains a prevalent concern across individuals and organisations.

Dear Shareholders,

On behalf of the board of directors ("**Board**" **or** "**Directors**") of Secura Group, we are pleased to present our annual report for the financial year ended 31 December ("**FY**") 2017.

In the past year, we put the spotlight back on strategies that were accretive towards building bottomline results for the Group. Following a series of new partnerships and ventures forged post-listing, the Group focussed on consolidating the businesses in FY2017, finding synergies and complementarities, and realising cost efficiencies, in order to create a more streamlined organisation. While retaining our unique positioning as one of few integrated providers of security products, services and solutions, we were steadfast in trimming segments of our business that were less viable so that we could channel resources towards growing the business segments that were more profitable.

Financial Performance

The Group registered a 15.3% year-on-year increase in revenue for FY2017 from S$36.1 million to S$41.6 million. The revenue increase was supported by contributions across several business segments particularly security guarding, which is one of the Group's core business segments. Several substantial contracts secured throughout FY2017 as well as the second half of FY2016, have made revenue contributions. These included a S$7.9 million security guarding contract with Singapore Telecommunications Limited, a S$6.7 million security services contract with SBS Transit DTL Pte Ltd, a S$4.9 million security services contract with Australian International School Pte Ltd and a S$3.2 million security services contract with a leading global semiconductor company, our first contract win in the semiconductor industry, which has complex security demands.

Revenue growth was also seen in systems integration, a relatively new segment started in FY2016; cybersecurity; as well as mobile forensics, under the Group's reseller partnership with Israel-based Cellebrite Asia Pacific Pte Ltd ("**Cellebrite**"). Revenue growth in these segments offset a slight decline in revenue in the security printing segment which experienced a slowdown in demand for commercial printing products.

However, the Group incurred a net loss attributable to owners of the Company of S$1.8 million, affected mainly by the impairment of intangible assets such as goodwill and customer relationships, and allowance for slow-moving inventory.

Strengthening Our Core

Our core capabilities as an integrated security solutions provider remain in strong demand in today's world. With ongoing threats of terrorism and social unrest, and cyber attacks becoming more sophisticated with far-reaching impact, security remains a prevalent concern across individuals and organisations. Hence, we have invested more resources towards bolstering our competencies in our core business segments.

Security Guarding

We believe in the value of being an early-adopter in technology to differentiate our services from others. The opening of our Integrated Control Centre (“**ICC**”) for Security Guarding and other services was a strategic move that will help raise the Group’s profile as a strong competitor in the security services market. It will also provide a platform for the Group to value-add on its services, with capabilities such as 24/7 monitoring and control, real-time GPS tracking of personnel and fleet, incident management tracking and reporting, video analytics, as well as Command Centre as a Service. With the ICC, we are able to operate a virtual supervision system in which we can conduct virtual patrolling and supervision across a range of facilities and situations, in a cost-efficient and highly productive way.

Another step in the way of reducing manpower in security guarding is the adoption of autonomous technologies. We have piloted the use of robots as well as combinations of building management systems to replace human effort. We foresee both our top and bottom line to benefit from these initiatives over the longer term.

Security Printing

In our security printing business, we maintained our steady momentum. To keep up with technological changes that have witnessed the digitisation of various valued documents, we have already made transitions in our security printing business into secured data solutions such as e-statements and e-archiving. In our overseas markets of Taiwan and Bangladesh, the security printing business is seeing healthy growth.

Training Academy

The accreditation of Secura Training Academy Pte Ltd (“**STAPL**”) as a Public Approved Training Organisation by SkillsFuture Singapore in April 2017 marked a major step forward for the Group’s training business. The status allows STAPL to conduct courses under the Singapore Workforce Skills Qualifications framework on Employability Skills, Service Excellence Framework and Info-Comm Technology. Following new mandatory requirements by Singapore laws for security guards to be trained in ”Recognise Terrorist Threats” module before they are certified ready for operations, we have also opened up new courses for security guards in this area. With the reinforcement of security laws in Singapore requiring higher levels of competencies in security services, STAPL is well-positioned to capture these opportunities.

As announced in the Singapore Budget[1] this year, an additional S$145 million will be set aside for the Tech Skills Accelerator ("**TeSA**") over the next three years. TeSA is an initiative to strengthen the digital workforce and enhance employability for individuals in the technology profession. In particular, TeSA will scale up existing programmes to support more people to learn emerging digital skills, such as in data analytics, artificial intelligence, the Internet of Things and cybersecurity. We intend to tap into such opportunities for conducting training courses in these areas.

[1] FY2018 Singapore Budget Statement

MESSAGE TO SHAREHOLDERS

Going Forward

To return the Group back to profitability, we embarked on a corporate reorganising exercise beginning in the last quarter of FY2017, to scale back on expansion plans, consolidate underperforming operations and reduce costs. This is beginning to bear fruit as most of our businesses have returned to profitable positions. We have also reassessed the market potential and our growth prospects in cybersecurity and undertook some steps to consolidate what we have built in this business over the last two years. While cybersecurity is a high-growth sector, competition is keen with close to 500 players in the Singapore market. This has put downward pressure in the profitability of some cybersecurity segments, which has prompted our exit in these segments. We will adopt a more selective approach towards pursuing new business. In particular, we will focus on our traditional strengths as a distributor in this field, instead of production.

Through our 20% interest in Custodio Technologies Pte Ltd, a subsidiary of Israel Aerospace Industries Ltd., we will also be involved in the research and development of new cybersecurity solutions and capabilities with a focus on cyber early warning technology.

Our partnership with the world's leading mobile forensics company, Israel-based Cellebrite, as a preferred reseller in Singapore remained and has also provided a platform to penetrate other markets in the region, with some interest seen in the Philippines and Thailand.

In terms of our other business segments, we have witnessed healthy growth in segments such as homeland security and systems integration. In the homeland security segment, we retain our unique selling point as the only security company in Singapore that is able to provide both equipment and manpower onsite.

Conclusion

I would like to express my appreciation and gratitude to Mr Paul Lim, who served as Chief Executive Officer ("**CEO**") for the last seven years, for his immeasurable contribution in establishing the Group's business. We are currently searching for a suitable candidate to lead the Group. The position of the CEO is an important one as he will be tasked to grow and expand the Secura Group in both profitability and business activities. The CEO must have the vision, the passion and the strategies to take the Secura Group to greater heights in the security industry, locally and regionally. As such, the Board is cautiously deliberating on the right candidate.

To my Board of Directors, I am grateful for the guidance and steadfast stewardship you have provided. My thanks also goes out to the management and staff for their hard work and professionalism in delivering the best products and services; our business partners, suppliers and customers for your support.

Lastly, we want to thank our shareholders for your continued support. Creating shareholder value remains one of our top priorities and we will maintain our focus in achieving this. During the year, we were presented with the Best Investor Relations Award (Merit) in the First-Year Listed Companies category, at the 2017 Singapore Corporate Awards. This was a great honour and we will strive to maintain proactive and transparent communications with our shareholders.

The future for the security market looks bright and we will continue working hard to make the best of opportunities in the coming years.

Dr Ho Tat Kin
Chairman and Independent Director

Overview

For FY2017, the Group reported a net attributable loss to owners of the Company of S$1.8 million, while revenue gained 15% to S$41.6 million, compared to net profit attributable to owners of the Company and revenue of S$0.8 million and S$36.1 million respectively in FY2016.

The Group's results for FY2016 have been retrospectively adjusted to reflect the fair value of assets and liabilities of Red Sentry Pte Ltd ("**RSPL**") upon finalisation of the purchase price allocation exercise in Q2 FY2017.

Income Statement

Revenue:
- Security guarding rose 16% to S$24.8 million
- Homeland security, system integration and security consultancy jumped almost threefold to S$4.0 million. This included contribution of S$1.1 million from a new mobile forensics segment that started operations in September 2016
- Cyber security increased 43% to S$2.4 million
- Security printing registered a 10% decline to S$10.4 million due to lower demand for commercial printing products

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

Distribution and Selling Expenses:
- Mainly due to incremental cost of new subsidiaries and amortisation and impairment of customer relationship arising from the fair valuation of the Secura group of companies and RSPL

Administrative Expenses:
- Increase in staff costs to support expansion plans and incremental costs incurred by new subsidiaries, as well as provision for doubtful debts

Share of Results of Joint Ventures and Associates:
- Increase primarily due to new associate, Custodio Technologies Pte. Ltd. ("**CTPL**"), in which the Group invested in June 2017

S$'000	FY2017	FY2016	Δ (%)
Revenue	**41,574**	**36,062**	**15.3**
Cost of sales	(34,670)	(29,346)	18.1
Gross profit	**6,904**	**6,716**	**2.8**
Other operating income	1,876	1,907	(1.6)
Distribution and selling expenses	(2,825)	(1,747)	61.7
Administrative expenses	(6,876)	(5,810)	18.3
Finance cost	(270)	(110)	145.5
Listing expenses	-	(339)	nm
Share of results of joint ventures and associates	370	273	35.5
Impairment of goodwill	(1,388)	-	nm
(Loss)/profit before tax	**(2,209)**	**890**	**nm**
Income tax credit/(expense)	274	(78)	nm
Net attributable (loss)/profit to shareholders of the Company	**(1,782)**	**846**	**nm**

nm: not meaningful

Balance Sheet

Current Assets:
- Cash and cash equivalents declined by S$10.0 million as a result of cash used for the acquisition of CTPL, payment of dividends, acquisition of property, plant and equipment, and repayment of bank loans
- S$1.2 million decrease in inventory due to increased inventory turnover and a provision of S$0.6 million made in respect of slow moving inventories
- Partially offset by an increase in trade and other receivables of S$0.8 million and an increase in prepaid operating expenses of S$0.2 million

Non-current Assets:
- Largely due to the acquisition of a 20% stake in CTPL and the addition of property, plant and equipment
- Partially offset by goodwill impairment, amortisation and impairment of intangible assets and depreciation charged

Current Liabilities:
- Decrease in trade and other payables of S$1.3 million in relation to trade settlement and payment made for office renovation cost for the Group's Alexandra Property, and a S$0.2 million decline in income tax payable
- Partially offset by an increase in accrued operating expenses and finance lease of S$0.3 million and S$0.1 million respectively

Non-current Liabilities:
- Mainly due to repayment of bank loan of S$0.7 million, decrease in deferred tax liabilities of S$0.1 million and partially offset by an increase in finance lease of S$0.2 million

S$'000	As at 31 Dec 2017	As at 31 Dec 2016
Current assets	21,249	31,605
Non-current assets	42,454	36,920
Total assets	**63,703**	**68,525**
Current liabilities	7,644	8,782
Non-current liabilities	11,853	12,417
Total liabilities	**19,497**	**21,199**
Net assets	**44,206**	**47,326**
Share capital	61,644	61,644
(Accumulated losses)/retained earnings	(1,465)	1,517
Reserve	(16,092)	(16,059)
Total equity	**44,206**	**47,326**

Cash Flow

Net Cash from Operating Activities:

- Operating cash flows before working capital amounted to S$2.3 million
- Net cash used in working capital was S$1.6 million due to increase in receivables, increase in prepaid operating expenses, and decrease in payables
- Partially offset by decrease in inventories and increase in accrued operating expenses

Net Cash used in Investing Activities:

- Primarily due to the addition of property, plant and equipment amounting to S$2.7 million, and the acquisition of 20% stake in CTPL

Net Cash (used in)/from Financing Activities:

- Due to dividend payment of S$1.2 million, repayment of bank loan of S$0.7 million and repayment of finance lease of S$0.1 million
- Partially offset by decrease in fixed deposits pledged of S$0.3 million and S$0.1 million loan contribution from non-controlling interest

S$'000	FY2017	FY2016
Net cash flows from operating activities	614	3,579
Net cash flows used in investing activities	(8,937)	(15,755)
Net cash flows (used in)/from financing activities	(1,666)	30,069
Net (decrease)/ increase in cash and cash equivalents	**(9,989)**	**17,893**
Cash and cash equivalents at beginning of year	**19,829**	**1,936**
Cash and cash equivalents at end of year	**9,842**	**19,829**

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to corporate social responsibility ("**CSR**") and subscribes to building strong and sustainable businesses that mutually benefit all stakeholders, particularly 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 them to volunteer and actively participate in supporting worthy causes.

Commitment to our Bursary Programme
Since 2012, we have been awarding bursaries to school-going children of our employees, particularly our security officers, on a bi-annual basis. To date, we have given out bursaries amounting to over S$120,000 benefiting students from primary to tertiary levels. In 2017, we awarded bursaries to 140 children of our officers.

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 Student Prizes for University of Glasgow
As endorsement of our support for distinction, we sponsored cash prizes for Top Computing Science Student awards, which were given to graduating students from University of Glasgow in 2017.

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) by paying their subscription fees.

Festive Cheer for the Elderly
We continue to engage with the Operation Redshirt, formed by a group of friends, on their annual distribution of 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. For 2017, the team reached out to more than 1,600 senior citizens across Singapore.

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, from August 2010 to December 2013. Rowsley is listed on the Main Board of the SGX-ST.

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

Dr Ho was an elected Member of Parliament, from Dec 1984 to Oct 2001, serving four 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.

Ms Lim Siok Leng
Executive Director, Acting Chief Executive Officer and Chief Financial Officer

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

Ms Lim began her career in Hofer Communications (Pte) Ltd as a finance manager in 1986. In 1995, she joined the Secura group of companies as a finance and administrative manager, progressing to the position of financial controller in 2002. Between 2002 and 2015, Ms Lim was responsible for the overall finance functions and accounting matters of 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 company's performance, implementation of company policies and development of strategic plans.

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

BOARD OF DIRECTORS

Mr Tan Wee Han
Non-Executive, Non-Independent Director

Mr Tan Wee Han was appointed to our Board as Non-Executive, Non-Independent Director on 16 October 2015 and was re-elected on 28 April 2016. He was designated as Executive Director on 1 October 2016 and re-designated as Non-Executive, Non-Independent Director on 2 October 2017.

Mr Tan began his career at Pepperl + Fuchs Pte Ltd, where he worked as a sales engineer from 1989 to 1991. From 1991 to 1998, he was a regional manager for Parker Hannifin Singapore Private Limited, where he was responsible for sales of motion and control products in Asia. In 1998, he founded Crystal Wines Pte Ltd and was managing director until 2012. He was managing director at Menu Pte Ltd from 2013 to 2016 and was Executive Director at Kestrel Investments Pte Ltd from 2012 to 2016.

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

Mr Gary Ho Kuat Foong
Independent Director

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

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

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

Mr Ong Pang Liang
Independent Director

Mr Ong Pang Liang was appointed to our Board on 16 October 2015 and was last re-elected on 27 April 2017. Mr Ong has over 25 years of experience in banking and finance. From 1983 to 1984, Mr Ong worked as a funding officer at Singapore-Japan Merchant Bank Limited. From 1984 to 1986, he worked as a foreign exchange trader at Merrill Lynch International Bank. He then became assistant vice president for foreign exchange trading at Security Pacific National Bank, where he worked from 1986 to 1988.

From 1988 to 2000, Mr Ong served as managing director and head of foreign exchange at Bank of America, Singapore Branch, and from 2000 to 2002, he moved to Shanghai, the PRC, to become managing director and general manager of Bank of America, Shanghai Branch.

From 2002 to 2003, he served as a proprietary trader at Phillip Capital Group, and from 2004 to 2007, he was head of treasury at Bangkok Bank, Singapore Branch. From 2008 to 2010, he was chief financial officer of Rowsley Ltd, where he currently serves as an independent director.

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

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

EXECUTIVE OFFICERS

Mr Ong Kok Leong
Chief Operating Officer

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

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

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

Mr Goh Ching Hua Kelvin
General Manager (Security Guarding)

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

Prior to joining our Group, Mr Goh began his career as an engineer at Panasonic Factory Solutions Asia Pacific Pte Ltd in 2003. In 2006, he moved to Logicom Instruments Pte Ltd, where he worked as a senior engineer till 2007. From 2007 to 2009, Mr Goh was a sales manager at Certis CISCO Security Pte Ltd, where he was responsible for generating new sales for security systems, such as CCTVs intrusion detections systems, electronics access control systems and car park barrier systems.

Subsequently he joined Security Distribution and Consultancy Pte Ltd from 2009 to 2010 as a sales manager before taking on the role of business development and strategic planning manager at Pico Guards Pte Ltd from 2010 to 2011. From 2011 to 2013, Mr Goh served as the general manager of Jasa Investigation & Security Services Pte Ltd, where he was responsible for developing and implementing strategic marketing plans and forecasts for security systems and security guarding services. 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).

EXECUTIVE OFFICERS

Ms Pek Geok Ling
Head of Human Resources

Ms Pek Geok Ling joined our Group in August 2014 and is responsible for the full spectrum of human resources activities of our Group, including recruitment and selection, compensation and benefits, employee training and development, performance management and staff welfare.

Prior to joining our Group, Ms Pek began her career as an operations executive at Intraco Foods Pte Ltd in January 2002. In March 2003, she moved to Singhealth Polyclinics, where she worked as a clinic executive till March 2005. From May 2005 to September 2007, Ms Pek was a human resources executive at Fujitsu Asia Pte Ltd, where she was responsible for managing recruitment and general human resources administration. From September 2007 to February 2008, she was a human resources executive at National Healthcare Group, and from March 2008 to September 2010, she was a senior human resources executive at the Defence Science and Technology Agency. From December 2010 to May 2011, she was a senior human resources executive at Arvato Digital Services Pte Ltd, where she was responsible for the end-to-end recruitment lifecycles of internal clients. From March 2013 to February 2014, she served as a senior human resources executive at Agency for Integrated Care Pte Ltd and was responsible for partnering with hiring managers to develop recruitment strategies and increase focus on performance management.

Ms Pek graduated from the National University of Singapore in 2001 with a Bachelor of Business Administration.

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**") during FY2017.

The Group has complied substantially with the principles and guidelines of the Code. 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 committees of the Board, which have been set up to support its work, with written terms of reference. In this regard, Board committees ("**Board Committees**"), namely the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**") have been constituted to assist the Board in the discharge of specific responsibilities. Further information on the roles and responsibilities of the NC, the RC and the AC are provided below.

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

Formal appointment letters setting out the Directors' duties and obligations are issued to each newly appointed Director. Newly appointed Directors will attend relevant trainings and are briefed on their duties and obligations as Directors. Meeting with the Chairman, 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.

The number of Board and Board Committee meetings held during FY2017 as well as the attendance of each Director at these meetings is set out below:

Name	Board Meeting	AC Meeting	NC Meeting	RC Meeting
No. of meetings held	**4**	**4**	**1**	**1**
Name of Directors				
Dr Ho Tat Kin	4	4	1	1
Mr Paul Lim Choon Wui[(1)]	3	N.A.	N.A.	N.A.
Ms Lim Siok Leng	4	N.A.	N.A.	N.A.
Mr Tan Wee Han	4	N.A.	1	N.A.
Mr Lock Wai Han[(2)]	4	4	N.A.	N.A.
Mr Ong Pang Liang	4	4	1	1
Mr Gary Ho Kuat Foong	4	4	1	1

Notes:

(1) Mr Paul Lim Choon Wui resigned as Director on 10 October 2017 and his last day of service as CEO was 5 January 2018.

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

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

The Board comprises 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, Acting CEO and CFO	–	–	–
Mr Tan Wee Han[(1)]	2 October 2017	Non-Executive and Non-Independent Director	–	Member	–
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

Note:

(1) Mr Tan Wee Han was appointed as Non-Executive, Non-Independent Director on 16 October 2015, designated as Executive Director on 1 October 2016 and re-designated as Non-Executive, Non-Independent Director on 2 October 2017.

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

The independence of each Independent Director is assessed at least annually by the NC, adopting the Code's definition. 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 immediate 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 judgment 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 executive officer of any entity which has significant transactions with the Group. In addition, there has not been any transactions of any nature between the Group and the Independent Directors or their associates; and

(iv) none of the Independent Directors or any of their associates is related to any of the controlling Shareholders, Directors or executive officers.

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

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

The current board size of 5 members (after the resignation of Mr Paul Lim Choon Wui and Mr Lock Wai Han) 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.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is our Independent Director, Dr Ho Tat Kin. Mr Paul Lim Choon Wui resigned as a Director on 10 October 2017 and his last day of service as CEO was on 5 January 2018. The Board is actively looking for a suitable candidate to fill the position of CEO. Meanwhile, Ms Lim Siok Leng, the Executive Director and CFO of the Group, is overseeing the business as Acting CEO until a new CEO is appointed.

There is a clear division of responsibilities between the leadership of the Board and executives responsible for managing the Group's businesses.

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

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 executive officers, including nominations of Directors for re-election in accordance with the Constitution;
- reviewing and approving any new employment of persons related to the Directors and substantial Shareholders and proposed terms of their employment;
- determining the independence of Directors;
- reviewing and deciding whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- reviewing 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.

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. One-third of the Board is to retire from office at every AGM.

The Directors standing for re-election at the forthcoming AGM are Mr Tan Wee Han and Mr Gary Ho Kuat Foong, who will retire by rotation pursuant to the Constitution. The Board has accepted the NC's recommendations to put forth these Directors for re-election at the forthcoming AGM. Please refer to page 10 of this Annual Report for further information on Mr Tan Wee Han and Mr Gary Ho Kuat Foong.

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

The NC had reviewed the multiple board seats held by the Directors and their confirmations that they are able to devote sufficient time and attention to the matters of the Group and noted that the Directors had full attendance in relation to the Board and the Board Committee meetings held in FY2017.

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 personal 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 FY2017, 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 FY2017, 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.

None of the Directors has appointed an alternate Director.

PRINCIPLE 5: BOARD PERFORMANCE

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

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

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

The performance evaluation process is performed annually. Each Director is required to complete assessment forms to evaluate the Board and 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 FY2017, 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 FY2017.

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 auditors who are able to provide additional insight on the matters for discussion, are also invited from time to time to attend such meetings.

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 Listing Manual Section B: Rules of Catalist of the SGX-ST (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.

The Group's remuneration policy is to provide competitive remuneration packages to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual. The Company has entered into a service agreement with our Executive Director and CFO, Ms Lim Siok Leng (the "**Executive**") on 20 January 2016 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 with those of Shareholders by linking rewards to corporate and individual performance, and ensures that the remuneration commensurate with the roles and responsibilities of each Director and key management. The RC reviews the remuneration received by the Executive Directors based on the financial performance of the Group. The Executive Directors review the remuneration of key management based on the staff remuneration guidelines to ensure that their remuneration packages commensurate with their respective job scopes and responsibilities. The RC is satisfied that the performance conditions for the Executive Directors and key management personnel for FY2017 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. The fees are determined by the Board, taking into account the effort, time spent and responsibilities of the Director.

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

All revisions to the remuneration packages of the Directors and key management personnel are subject to the review by and recommendation of the RC and the approval of the Board. Directors' fees are further subject to the approval of Shareholders at the AGM. Where necessary, the RC could seek external professional advice on remuneration matters of Directors and key management personnel. The RC did not seek any external professional advice in FY2017.

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

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

All Directors were granted options pursuant to the Secura Employee Share Option Scheme during FY2016, details of which can be found on pages 31 to 32 of the Annual Report.

The breakdown of remuneration paid to or accrued to each Director for FY2017 is as follows:

Directors	**Fees**	**Salary[1]**	**Bonus**	**Other benefits**	**Variable or performance-related income/ bonus**	**Total**
Between S$250,000 to S$500,000						
Paul Lim Choon Wui[2]	–	91.20%	–	8.80%	–	100.0%
Lim Siok Leng	–	84.97%	15.03%	–	–	100.0%
Below S$250,000						
Dr Ho Tat Kin	100.0%	–	–	–	–	100.0%
Ong Pang Liang	100.0%	–	–	–	–	100.0%
Gary Ho Kuat Foong	100.0%	–	–	–	–	100.0%
Lock Wai Han[3]	100.0%	–	–	–	–	100.0%
Tan Wee Han[4]	6.88%	93.12%	–	–	–	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 FY2017 was S$408,000.

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

(4) Mr Tan Wee Han was appointed as Non-Executive, Non-Independent Director on 16 October 2015, designated as Executive Director on 1 October 2016 and re-designated as Non-Executive, Non-Independent Director on 2 October 2017.

The Company has disclosed the remuneration of each Director and the CEO as a breakdown (in percentage terms) into fixed salary, variable or performance related incentives/bonuses, benefits-in-kind and share-based incentives. No other long-term incentives and no termination, retirement or post-employment benefits have been granted to the Directors. 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.

The aggregate remuneration received by the key management personnel (who are not Directors or the CEO) for FY2017 was approximately S$560,000. The various components of the remuneration of the Group's 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	85.71%	7.70%	6.59%	100.00%
Goh Ching Hua Kelvin	76.81%	6.56%	16.63%	100.00%
Pek Geok Ling	86.61%	7.22%	6.17%	100.00%
Chew Oon Ping(1)	84.27%	0.00%	15.73%	100.00%
Ong Guat Ling(2)	93.36%	0.00%	6.64%	100.00%

Notes:

(1) Mr Chew Oon Ping resigned as General Manager (Security Consultancy & Services) with effect from 1 August 2017. His remuneration for FY2017 was S$67,000.

(2) Ms Ong Guat Ling resigned as General Manager (Red Sentry Pte Ltd) with effect from 2 November 2017. Her remuneration for FY2017 was S$85,000.

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

The remuneration of employees who are immediate family members of the Directors or substantial Shareholders will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these employees who are immediate family members of the Directors or substantial Shareholders will also be subject to the review of the RC. In addition, any new employment of employees who are immediate family members of the Directors or substantial Shareholders and the proposed terms of their employment will be subject to the review and approval of the NC. In the event that a member of the RC or the NC is related to the employee under review, he will abstain from the review.

The 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 FY2017.

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.

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 risk management and internal controls 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, with the concurrence of the AC, is of the view that the internal controls of the Group addressing financial, operational, compliance, information technology controls and risk management systems are adequate and effective as at 31 December 2017.

The Board had received assurance from the CFO[1] at the Board meeting on 21 February 2018 that:

- the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2017 give a true and fair view of the Group's operations and finances; and

- the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group.

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

Whistle Blowing Policy

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

There were no reported incidents pertaining to whistle blowing during FY2017.

1 Mr Paul Lim Choon Wui resigned as Director on 10 October 2017 and his last day of service as CEO was 5 January 2018. The Board is actively looking out for a suitable candidate to fill the position of CEO. Meanwhile, Ms Lim Siok Leng, the Executive Director and CFO of the Group, is overseeing the business as Acting CEO until a new CEO is appointed.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises 3 Independent Directors:

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

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

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

A breakdown of the audit and non-audit fees that are charged to the Group by the external auditors for FY2017 is set out below.

Service Category	**Fees Paid/Payable (S$'000)**
Audit Services	167
Non-Audit Services	96
Total Fees	**263**

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 auditors 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 auditors and the external auditors 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 auditors 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.

PRINCIPLE 13: INTERNAL AUDIT

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard Shareholders' investments and the Group's business and assets. The Company's internal audit function has been outsourced to KPMG Services Pte. Ltd. ("**Internal Auditor**"). The AC approves the hiring, removal, evaluation and compensation of the Internal Auditor. 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 personal, including access to the AC. The Management will update the AC on the status of the remedial action plans.

The Internal Auditor reports directly to the chairman of the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the Internal Auditor has the adequate resources to perform its functions. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The Internal Auditor is a member of the Institute of Internal Auditors Singapore ("**IIA**"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc. The audit work carried out is guided by the Internal Auditor's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA.

The Internal Auditor had conducted a review of the effectiveness of the Group's internal controls in FY2017.

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 FY2017, the AC is satisfied that the internal audit function is adequately resourced, adequate and effective.

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

The Group's corporate governance practices promote fair and equitable treatment of all Shareholders. To 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 auditors, 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. Shareholders and proxies in attendance at the meeting are informed of the voting procedures. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET.

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 two 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 two proxies to attend, speak and vote at general meetings notwithstanding the Company's 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 AGM to answer Shareholders' questions. The external auditors will also be present to assist the Directors in addressing any relevant queries by Shareholders. The Company 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 not recommended any dividend for FY2017 as the Group intends to redeploy its cash reserves for the purposes of the Group's development and operations.

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 with the Company's securities, as well as the implications of insider trading.

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

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

INTERESTED PERSON TRANSACTIONS

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

Interested person transactions carried out during FY2017 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$285,000	–

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 agreement between the Company and the Executive, disclosures under the sections "Interested Person Transactions" and the "Directors' Statement" of this 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 FY2017 or, if not then subsisting, entered into since the end of FY2016.

NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2017.

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 this Annual Report:

Purpose	Allocation of net proceeds (as announced on 24 July 2017) (S$'000)	Net proceeds utilised as at the date of this Annual Report (S$'000)	Balance of net proceeds as at the date of this 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

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

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

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 by the end of 2018, in accordance with Practice Note 7F of the Catalist Rules.

DIRECTORS' STATEMENT

The directors hereby 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 2017.

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 2017 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
Lim Siok Leng
Tan Wee Han
Ong Pang Liang
Gary Ho Kuat Foong

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest	
Name of director	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company		
Tan Wee Han	3,168,000	3,168,000
Lock Wai Han(1)	4,032,000	4,032,000

(1) Lock Wai Han resigned as director of the Company with effect from 31 March 2018.

Directors' interests in shares and debentures (continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

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

Share options

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

No options were granted during the financial year. In 2016, 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, the 8,000,000 share options offered to him 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 2017 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
Lock Wai Han	0.25	800,000
Gary Ho Kuat Foong	0.25	800,000
Total		10,400,000

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

Name of directors	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	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	(8,000,000)	10,400,000

Share options (continued)

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

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

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

Share plan

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

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

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

Gary Ho Kuat Foong
Dr Ho Tat Kin
Ong Pang Liang

Audit committee

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

Auditor

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

On behalf of the board of directors:

Dr Ho Tat Kin
Chairman and Independent Director

Lim Siok Leng
Director

Singapore
2 April 2018

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 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Acquisition of subsidiary and associate

On 16 June 2016, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Red Sentry Pte. Ltd. ("RSPL") for a total cash consideration of $2.5 million. Subsequently, on 14 June 2017, the Group entered into subscription and shareholders' agreement to acquire 20% equity interest in Custodio Technologies Pte. Ltd. ("CTPL") for a total cash consideration of $6.2 million.

Key audit matters (continued)

Acquisition of subsidiary and associate (continued)

The acquisition of RSPL was accounted for using the acquisition method and the acquisition of interest in CTPL was accounted for as investment in associate using the equity method. The Group performed a purchase price allocation ("PPA") exercise as disclosed in Note 7 and Note 9 of the financial statements. Given the quantitative materiality of these acquisitions and the significant management judgement required in the PPA exercise, we considered the accounting for the acquisition of subsidiary and associate to be a key audit matter.

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

In auditing the accounting for the acquisitions, we read the sale and purchase agreement in relation to the acquisition of RSPL and the subscription and shareholders' agreement in relation to the acquisition of interest in CTPL to obtain an understanding of the transactions and the key terms. An important element of our audit relates to the management's identification of the acquired assets, ascertaining the respective fair values based on valuation models and estimating the residual goodwill. We tested this identification based on our discussion with management and our understanding of the business of the acquired companies. We involved our internal specialists in reviewing the valuation methodologies used by management and the external valuation expert in the valuation of acquired assets and liabilities. We also assessed the nature and basis of the valuation adjustments to the purchase consideration and whether the assumptions used in valuing the acquired intangible assets were consistent with what a market participant would use. We have also assessed the adequacy and appropriateness of the disclosures in the financial statements in Note 7 and Note 9 of the financial statements.

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

As at 31 December 2017, the Group's carrying amount of intangible assets which comprise goodwill and customer relationships amounted to $1.7 million and the Company's carrying amount of the investment in subsidiaries amounted to $21.4 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. We engaged our internal valuation specialists to assist us in reviewing the discount rates and terminal growth rates used. In addition, we reviewed management's analysis of the sensitivity of the recoverable amount to changes in the respective assumptions. We have also assessed the adequacy and appropriateness of the disclosures in the financial statements in Note 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.

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- 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.

- 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
2 April 2018

BALANCE SHEETS
AS AT 31 DECEMBER 2017

	Note	Group 2017	Group 2016 (Restated)	Company 2017	Company 2016
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	4	32,924	31,940	15,437	14,874
Investment property	5	–	–	2,864	2,954
Intangible assets	6	1,650	3,498	–	–
Investment in subsidiaries	7	–	–	21,434	36,706
Investment in joint ventures	8	857	819	–	–
Investment in associates	9	7,014	598	6,221	–
Trade and other receivables	11	9	65	–	60
		42,454	36,920	45,956	54,594
Current assets					
Inventories	10	1,302	2,458	–	–
Trade and other receivables	11	9,491	8,741	13	50
Tax recoverable		–	178	–	–
Prepaid operating expenses		558	354	20	139
Amounts due from subsidiaries	12	–	–	5,170	6,716
Amounts due from joint ventures	13	56	45	–	–
Cash and cash equivalents	15	9,842	19,829	5,652	15,048
		21,249	31,605	10,855	21,953
Total assets		63,703	68,525	56,811	76,547
Equity and liabilities					
Current liabilities					
Trade and other payables	16	4,056	5,382	368	603
Deferred revenue		911	864	–	–
Accrued operating expenses		1,617	1,296	393	235
Finance lease	17, 31	100	30	–	30
Bank loan	17	833	833	833	833
Amount due to a joint venture	13	60	57	–	–
Amount due to a non-controlling interest	18	–	26	–	–
Income tax payable		67	294	–	–
		7,644	8,782	1,594	1,701
Net current assets		13,605	22,823	9,261	20,252

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

	Note	Group 2017	Group 2016 (Restated)	Company 2017	Company 2016
		$'000	$'000	$'000	$'000
Non-current liabilities					
Finance lease	17, 31	248	15	–	15
Bank loan	17	10,636	11,364	10,636	11,364
Deferred tax liabilities	27	969	1,038	–	–
		11,853	12,417	10,636	11,379
Total liabilities		19,497	21,199	12,230	13,080
Net assets		44,206	47,326	44,581	63,467
Equity					
Share capital	19	61,644	61,644	61,644	61,644
Merger reserve	20	(16,291)	(16,291)	–	–
Foreign currency translation reserve	21	(82)	49	–	–
Employee share option reserve	22	281	183	271	183
(Accumulated losses)/ retained earnings		(1,465)	1,517	(17,334)	1,640
		44,087	47,102	44,581	63,467
Non-controlling interests		119	224	–	–
Total equity		44,206	47,326	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 2017

	Note	2017	2016 (Restated)
		$'000	$'000
Revenue	23	41,574	36,062
Cost of sales		(34,670)	(29,346)
Gross profit		6,904	6,716
Other operating income	24	1,876	1,907
Distribution and selling expenses		(2,825)	(1,747)
Administrative expenses		(6,876)	(5,810)
Finance costs		(270)	(110)
Listing expenses		–	(339)
Share of results of joint ventures and associates		370	273
Impairment of goodwill		(1,388)	–
(Loss)/profit before tax	25	(2,209)	890
Income tax credit/(expense)	27	274	(78)
(Loss)/profit for the year		(1,935)	812
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(38)	38
Share of foreign currency translation of joint venture and associate		(93)	12
Total comprehensive income for the year		(2,066)	862
(Loss)/profit for the year attributable to:			
Owners of the Company		(1,782)	846
Non-controlling interests		(153)	(34)
Total comprehensive income for the year		(1,935)	812
Total comprehensive income attributable to:			
Owners of the Company		(1,913)	895
Non-controlling interests		(153)	(33)
Total comprehensive income for the year		(2,066)	862
(Loss)/earnings per share (cents per share):			
Basic and diluted (loss)/earnings per share	28	(0.45)	0.22

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 2017

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 (as previously reported)	61,644	(16,291)	49	183	1,625	224	47,434
Effects of prior year adjustment (Note 37)	–	–	–	–	(108)	–	(108)
At 1 January 2017 (as restated)	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 26)	–	–	–	98	–	–	98
Loss of control in subsidiary (Note 7c)	–	–	–	–	–	48	48
Dividends on ordinary shares (Note 29)	–	–	–	–	(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 2017

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 2016	–*	1,000	–	–	1,871	–	2,871
Profit for the year (as previously reported)	–	–	–	–	954	(34)	920
Effects of prior year adjustment (Note 37)	–	–	–	–	(108)	–	(108)
Profit for the year (as restated)	–	–	–	–	846	(34)	812
Other comprehensive income							
Foreign currency translation	–	–	37	–	–	1	38
Share of foreign currency translation of joint venture and associate	–	–	12	–	–	–	12
Other comprehensive income for the year, net of tax	–	–	49	–	–	1	50
Total comprehensive income for the year	–	–	49	–	846	(33)	862
Contributions by and distributions to owners							
Issuance of shares pursuant to the IPO	28,000	–	–	–	–	–	28,000
Share issuance expense	(939)	–	–	–	–	–	(939)
Issuance of shares pursuant to the Restructuring Exercise	34,583	(17,291)	–	–	–	–	17,292
Grant of equity-settled share options to employees (Note 26)	–	–	–	183	–	–	183
Capital contribution from non-controlling interest in subsidiaries	–	–	–	–	–	257	257
Dividends on ordinary shares (Note 29)	–	–	–	–	(1,200)	–	(1,200)
At 31 December 2016	61,644	(16,291)	49	183	1,517	224	47,326

*Denotes less than $1,000

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

	Share capital	Employee share option reserve	Retained earnings/ (accumulated losses)	Total equity
	$'000	$'000	$'000	$'000
Company				
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 29)	–	–	(1,200)	(1,200)
	–	88	(1,200)	(1,112)
At 31 December 2017	61,644	271	(17,334)	44,581
At 1 January 2016	–*	–	(726)	(726)
Profit for the year, representing total comprehensive income for the year	–	–	3,566	3,566
Contributions by and distributions to owners				
Issuance of shares pursuant to the IPO	28,000	–	–	28,000
Share issuance expense	(939)	–	–	(939)
Issuance of shares pursuant to the Restructuring Exercise	34,583	–	–	34,583
Grant of equity-settled share options to employees	–	183	–	183
Dividends on ordinary shares (Note 29)	–	–	(1,200)	(1,200)
	61,644	183	(1,200)	60,627
At 31 December 2016	61,644	183	1,640	63,467

*Denotes less than $1,000

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 2017

	Note	2017	2016 (Restated)
		$'000	$'000
Operating activities:			
(Loss)/profit before tax		(2,209)	890
Adjustments for:			
Share issuance expense charged to income statement		–	339
Depreciation of property, plant and equipment	4	2,040	1,414
Amortisation and impairment of intangible assets	6	460	238
Impairment of goodwill	6	1,388	–
Impairment of property, plant and equipment	4	49	–
(Gain)/loss on disposal of property, plant and equipment	25	(12)	25
Gain on loss in control of a subsidiary	7c	(39)	–
Interest income	24	(62)	(216)
Allowance for stock obsolescence	10	557	18
Allowance/(write back) of doubtful debts,net	11, 14	110	(50)
Receipt and recognition of deferred revenue, net		46	175
Share of results of joint ventures and associates		(370)	(273)
Unrealised exchange (gains)/losses, net		(53)	77
Finance costs		270	110
Grant of equity-settled share options to employees		98	183
Operating cash flows before working capital changes		2,273	2,930
Decrease/(increase) in inventories		600	(1,262)
(Increase)/decrease in trade and other receivables		(1,057)	1,025
Increase in prepaid operating expenses		(205)	(71)
Increase in amounts due from joint ventures		(8)	(11)
(Decrease)/increase in trade and other payables		(1,271)	1,112
Increase in accrued operating expenses		325	43
Cash flows generated from operations		657	3,766
Interest received		70	203
Interest paid		(270)	(110)
Tax refund/(paid)		157	(280)
Net cash flows generated from operating activities		614	3,579
Investing activities:			
Proceeds from disposal of property, plant and equipment		35	248
Purchase of property, plant and equipment	A	(2,715)	(18,984)
Dividend income from a joint venture		43	45
Net cash inflow on acquisition of subsidiaries		–	2,936
Net cash outflow on acquisition of an associate		(6,221)	–
Net cash outflow from loss in control of a subsidiary	7c	(79)	–
Net cash flows used in investing activities		(8,937)	(15,755)

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

	Note	2017	2016 (Restated)
		$'000	$'000
Financing activities:			
Decrease in fixed deposits pledged		347	172
Loan from non-controlling interest in subsidiaries		46	257
Proceeds from issuance of shares	19	–	28,000
Share issuance expense capitalised against share capital	19	–	(939)
Share issuance expense charged to income statement		–	(339)
Dividend paid on ordinary shares	29	(1,200)	(1,200)
Dividend paid on ordinary shares to the then existing shareholders of Secura Singapore Pte. Ltd. ("SSPL")		–	(4,949)
Repayment of finance lease		(105)	(130)
Repayment of amount due to non-controlling interest		(26)	–
Proceeds from bank loan		–	13,655
Repayment of bank loan		(728)	(1,458)
Repayment of shareholder loan		–	(3,000)
Net cash flows (used in)/generated from financing activities		(1,666)	30,069
Net (decrease)/increase in cash and cash equivalents		(9,989)	17,893
Effect of exchange rate changes on cash and cash equivalents		2	–
Cash and cash equivalents at 1 January		19,829	1,936
Cash and cash equivalents at 31 December	15	9,842	19,829

Note to the consolidated cash flow statement

A. Purchase of property, plant and equipment

		2017	2016
		$'000	$'000
Aggregate cost of plant and equipment acquired	4	3,123	19,044
Less: Amount relating to hire purchase	17	(408)	(60)
Cash payments made to acquire property, plant and equipment		2,715	18,984

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

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 (FRS).

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

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

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The Group has included the additional required disclosure in Note 17. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
FRS 116 Leases	1 January 2019
Improvements to FRSs (March 2018)	
- Amendments to FRS 103: Business Combinations	1 January 2019
- Amendments to FRS 111: Joint Arrangements	1 January 2019
- Amendments to FRS 12: Income Taxes	1 January 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards 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) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 115 *Revenue from Contracts with Customers (continued)*

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate 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 plans to use the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year.

The Group derived revenue from the sales of goods and the provision of services. The Group expects the following impact upon adoption of FRS 115.

Sales of goods

The Group currently recognised revenue from sales of goods upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold.

On the adoption of FRS 115, the Group expects to recognise revenue when the customers obtain control of the goods. Control of the goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods. For certain contracts with customers, the Group transfers control of the goods over time and therefore, satisfies a performance obligation and recognises revenue over time for such contracts.

The Group expects both revenue and cost of sales to increase upon adoption of FRS 115. However, based on management's preliminary assessment on the date of initial application, such increases and the net impact is not significant and no adjustments are expected to be recorded.

Provision of services

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

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets and impairment of financial assets, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 109 *Financial Instruments (continued)*

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

Upon application of the expected credit loss model, the Group expects an increase in loss allowance due to the unsecured nature of its loans and receivables and will reflect accordingly in its financial statements beginning 1 January 2018.

FRS 116 *Leases*

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

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation ("EBITDA") and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

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

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

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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

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

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

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

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill (continued)

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

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

Business combinations involving entities under common control

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

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

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

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

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

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

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.

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(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.

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. Summary of significant accounting policies (continued)

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.

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. Summary of significant accounting policies (continued)

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.

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. The Group determines the classification of its financial assets at initial recognition.

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

Subsequent measurement

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

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2. Summary of significant accounting policies (continued)

2.15 Cash and cash equivalents

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

2.16 Impairment of financial assets

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

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

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

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

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

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

2.17 Inventories

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

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

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

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

2. Summary of significant accounting policies (continued)

2.17 Inventories (continued)

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.

(b) Employee share option plans

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

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

(c) Employee leave entitlement

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

2. Summary of significant accounting policies (continued)

2.20 Leases – As lessee

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

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

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

2.21 Revenue

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

(a) Sale of goods

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

(b) Rendering of services

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

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

2. Summary of significant accounting policies (continued)

2.22 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.22 Taxes (continued)

(b) Deferred tax (continued)

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

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

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

(c) Sales tax

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

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

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

2.23 Contingencies

A contingent liability is:

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

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

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

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

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. Summary of significant accounting policies (continued)

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 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

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

2.26 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants 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.

3. Significant accounting judgements and estimates

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

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

(a) Acquisition of subsidiary (Red Sentry Pte. Ltd.) – identification and valuation of intangible assets

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

The acquisition of RSPL was accounted for using the acquisition method where the Group performed a purchase price allocation ("PPA") exercise as disclosed in Note 7. The significant judgement and estimates involved in the PPA exercise mainly relate to the identification and valuation of intangible assets and the acquired assets and liabilities. If the fair value of the identified intangible assets had been 5% higher/lower than management estimate, the goodwill net of tax would have been $11,000 lower/higher.

(b) Impairment of intangible assets and investment in subsidiaries

As at 31 December 2017, the Group's carrying amount of intangible assets which includes goodwill and customer relationships amounted to $1,650,000 and the Company's carrying amount of the investment in subsidiaries amounted to $21,434,000. As part of the requirement under FRS 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, growth rate, profit margin and discount rate which involves significant estimates.

The assumptions applied by management in the determination of value in use and sensitivity analysis for the impairment of intangible assets are described in more detail in Note 6. Goodwill impairment of $1,388,000 relating to the cyber security CGU has been recorded during the current financial year. The customer relationships related to this CGU of $129,000 has also been impaired.

In respect of investment in subsidiaries, based on the discounted cash flow model prepared by management, an impairment loss of $15,572,000 was recorded by the Company during the current financial year, as the recoverable amounts of two subsidiaries were lower than their carrying amounts. The impairment was deemed necessary by management as the subsidiaries have been loss-making in the year and the business outlook and projection has resulted in their estimated recoverable amounts being less than the carrying value of the investment in subsidiaries. This impairment was made in line with the Group's focus on strengthening their core businesses and eliminating the non-profitable ones.

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 1.1.2016	–	146	–	–	161	265	37	609
Reclassification	–	–	–	45	(8)	–	(37)	–
Acquisition of subsidiaries	1,970	11,382	11,839	74	215	174	–	25,654
Additions	12,500	4,576	435	178	146	259	950	19,044
Disposals	–	(146)	(77)	(44)	(72)	(265)	–	(604)
Currency realignment	(11)	(15)	(8)	–	–	–	–	(34)
At 31.12.2016 and 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	14,464	17,458	11,290	277	1,309	878	137	45,813
Accumulated depreciation								
At 1.1.2016	–	128	–	–	128	11	–	267
Reclassification	–	–	–	40	(40)	–	–	–
Acquisition of subsidiaries	–	3,157	7,926	49	154	113	–	11,399
Depreciation charge for the year	–	520	789	9	52	44	–	1,414
Disposals	–	(146)	(45)	(44)	(72)	(24)	–	(331)
Currency realignment	–	(14)	(6)	–	–	–	–	(20)
At 31.12.2016 and 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
Net carrying amount								
At 31.12.2016	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

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 1.1.2016	–	–	–	–	–	–	–
Additions	12,500	1,515	82	57	236	523	14,913
At 31.12.2016 and 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	12,500	2,208	96	658	236	137	15,835
Accumulated depreciation							
At 1.1.2016	–	–	–	–	–	–	–
Depreciation charge for the year	–	20	1	4	14	–	39
At 31.12.2016 and 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	–	150	24	137	87	–	398
Net carrying amount							
At 31.12.2016	12,500	1,495	81	53	222	523	14,874
At 31.12.2017	12,500	2,058	72	521	149	137	15,437

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 $536,000 (2016: $236,000) by means of finance leases. The cash outflow on acquisition amounted to $128,000 (2016: $176,000).

The Group's carrying amount of motor vehicles and machineries held under finance leases at the end of the reporting period is $465,000 (2016: $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 $16,796,000 (2016: $16,932,000) are mortgaged to secure the Group's bank loan (Note 17).

Temporary idle property, plant and equipment

Included in the carrying amount of buildings and improvements is an amount of $2,412,000 (2016: $2,440,000) which relates to a building owned by Secura Security Printing Sdn. Bhd. ("SSP"), a subsidiary of the Group, which has ceased business in July 2016. Following the cessation of SSP's business, the building has since been left vacant and unoccupied except for short tenancy. As at the end of the reporting period, management has estimated the recoverable amount of the building based on its fair value less costs to sell which is derived based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. Based on management's assessment, the recoverable amount is higher than the carrying amount and accordingly, no impairment loss was recognised in the current financial year.

5. Investment property

Company	**Total**
	$'000
Cost	
At 1.1.2016	–
Additions	2,993
At 31.12.2016, 1.1.2017 and 31.12.2017	2,993
Accumulated depreciation	
At 1.1.2016	–
Depreciation charge for the year	39
At 31.12.2016 and 1.1.2017	39
Depreciation charge for the year	90
At 31.12.2017	129
Net carrying amount	
At 31.12.2016	2,954
At 31.12.2017	2,864

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. The investment property is mortgaged to secure 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 2017, the fair value of the investment property is estimated to be approximately $5,363,000 (2016: $6,200,000) based on the income approach.

6. Intangible assets

	Goodwill	Customer relationships	Total
Group	$'000	$'000	$'000
Cost:			
At 1.1.2016	–	–	–
Acquisition of subsidiaries	2,512	1,344	3,856
At 31.12.2016, 1.1.2017 and 31.12.2017 (as previously reported)	2,512	1,344	3,856
Effects of prior year adjustment (Note 37)	(130)	10	(120)
At 31.12.2016, 1.1.2017 and 31.12.2017 (as restated)	2,382	1,354	3,736
Accumulated amortisation			
At 1.1.2016	–	–	–
Amortisation	–	218	218
At 31.12.2016, 1.1.2017 and 31.12.2017 (as previously reported)	–	218	218
Effects of prior year adjustment (Note 37)	–	20	20
At 31.12.2016 and 1.1.2017 (as restated)	–	238	238
Amortisation	–	331	331
Impairment loss	1,388	129	1,517
At 31.12.2017	1,388	698	2,086
Net carrying amount			
At 31.12.2016	2,382	1,116	3,498
At 31.12.2017	994	656	1,650

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	
	2017	2016 (Restated)	2017	2016 (Restated)	2017	2016 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000
Security printing	994	994	656	874	1,650	1,868
Cyber security	–	1,388	–	242	–	1,630
	994	2,382	656	1,116	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	
	2017	2016	2017	2016
Revenue growth rates	0%	0%	–	5%
Pre-tax discount rates	11.7%	11.5%	–	11.5%

Key assumptions used in the value in use calculations

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

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

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

6. Intangible assets (continued)

Sensitivity to changes in assumptions

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

Impairment loss recognised

During the financial year, 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 $1,388,000 (2016: nil) has been recognised in profit or loss under the line item "impairment of goodwill". The impairment loss on customer relationships of $129,000 (2016: nil) has been recognised in profit or loss under the line item "distribution and selling expenses".

7. Investment in subsidiaries

	Company	
	2017	**2016**
	$'000	$'000
Unquoted equity shares at cost	2,423	2,123
Issuance of shares for acquisition of subsidiaries	34,583	34,583
Impairment losses	(15,572)	–
	21,434	36,706

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest % 2017	Effective interest % 2016
Held by the Company				
Secura Singapore Pte. Ltd.[1]	Security printing of value documents	Singapore	100	100
Soverus Group Pte. Ltd. ("SGPL")[1]	Investment holding	Singapore	100	100

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest % 2017	2016
Held by the Company (continued)				
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
Secura (Thailand) Co., Ltd.(4) (Note 7c)	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Thailand	45(4)	45
Soverus Technology Pte. Ltd.(1)	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Singapore	100(5)	100(5)
Secura Training Academy Pte. Ltd.(1) (Note 7d)	Provision of training services	Singapore	100	–
Held through Secura Singapore Pte. Ltd.				
Secura Forms Pte. Ltd.(1)	Printing of computer forms and stationery	Singapore	100	100
Secura Security Printing Sdn. Bhd.(3)	Dormant	Malaysia	100	100
Secura Documation Pte. Ltd.(1)	Provision of secured data solutions, eStatement, eArchiving, security data processing, printing and stationery	Singapore	70	70

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest %	
			2017	2016
Held through Soverus Group Pte. Ltd.				
Soverus Pte. Ltd.(1)	Provision of unarmed security guarding services	Singapore	100	100
Soverus Consultancy and Services Pte. Ltd.(1)	Provision of security consultancy services and private investigations	Singapore	100	100
Held through Soverus Technology Pte. Ltd.				
Red Sentry Pte. Ltd.(1)	Provision of cyber security products, services and solutions	Singapore	100	100
Held through Soverus Consultancy and Services Pte. Ltd.				
Soverus Kingdom Systems Pte. Ltd.(1)	Provision of security system integration services	Singapore	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.

(5) 80% held by the Company and 20% held by SGPL as at 31 December 2017 and 31 December 2016.

7. Investment in subsidiaries (continued)

(a) Composition of the Group (continued)

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 2017. The Board of Directors is made up of four directors equally appointed by the Company and Willowglen. The Chairman has the casting vote and the Chairman is appointed on a two years rotational basis between the directors appointed by the Company and Willowglen. The first appointment of Chairman is from a director appointed by the Company. Accordingly, Secura Malaysia is consolidated as a subsidiary as the Company by virtue of its casting vote at board meetings, has control over Secura Malaysia. The Company is exposed, or has rights, to variable returns from its involvement and has the ability to affect the returns through its power over the investee.

Secura (Thailand) Co., Ltd. (“Secura Thailand”)

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

The Board of Directors is made up of four directors equally appointed by the Company and the Prasattongosoth. The Chairman has the casting vote and before 28 November 2017, the Chairman was appointed by the Company. Accordingly, Secura Thailand was consolidated as a subsidiary before 28 November 2017 as the Company by virtue of its casting vote at board meetings, had control over Secura Thailand. The Company was exposed, or had rights, to variable returns from its involvement and had the ability to affect the returns through its power over the investee.

However, the previously appointed Chairman ceased employment with the Company on 28 November 2017 and Mrs. Uchanya Prasattongosoth took over the position of Chairman which is entitled to the casting vote. Accordingly, the Company lost control of Secura Thailand and it ceased to be a subsidiary of the Group. Secura Thailand has been equity accounted for as an associate of the Company since 28 November 2017.

7. Investment in subsidiaries (continued)

(b) Acquisition of subsidiary

Red Sentry Pte. Ltd. ("RSPL")

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

With the finalisation of the PPA exercise, the fair value of the identifiable assets and liabilities of RSPL as at the acquisition date were:

	Fair values recognised on acquisition RSPL (Restated) $'000
Property, plant and equipment	48
Customer relationships	262
Inventories	19
Trade and other receivables	540
Cash and cash equivalents	778
	1,647
Trade and other payables	191
Deferred revenue	181
Accrued operating expenses	92
Deferred tax liabilities	45
	509
Total identifiable net assets at fair value	1,138
Goodwill arising from acquisition	1,388
	2,526
Consideration transferred for the acquisition	
Cash paid	2,025
Deferred cash settlement	501
Total consideration transferred	2,526
Effect of the acquisition on cash flows	
Consideration settled in cash	2,526
Less: Cash and cash equivalents of subsidiaries acquired	(778)
Net cash outflows on acquisition	(1,748)

7. Investment in subsidiaries (continued)

(b) Acquisition of subsidiary (continued)

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

The 2016 comparative information has been restated to reflect the PPA adjustments. The fair value of the customer relationship increased by $10,000, while the fair value of deferred revenue decreased by $120,000. Goodwill arising on consolidation decreased by $130,000 and the adjusted goodwill arising on the acquisition amounted to $1,388,000. The amortisation charge of the customer relationships and reversal of deferred revenue from the acquisition date to 31 December 2016 increased by $20,000 and $88,000 respectively.

Goodwill arising from this acquisition, customer relationships, the carrying amounts of deferred revenue and amortisation of the customer relationships have been adjusted accordingly on a retrospective basis upon the finalisation of the PPA exercise. The retrospective adjustments relating to the finalisation of the PPA exercise has been disclosed in Note 37 of the financial statements.

(c) Loss of control in subsidiary

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

The Company lost control of Secura Thailand on 28 November 2017 and it has since ceased to be a subsidiary of the Company. The Company has equity accounted Secura Thailand as an associate with effect from 28 November 2017.

The value of assets and liabilities of Secura Thailand recorded in the consolidated financial statements as at 28 November 2017, and the effects of the disposal were:

	2017
	$'000
Property, plant and equipment	40
Prepaid operating expenses	2
Trade and other receivables	28
Cash and cash equivalents	79
	149
Trade and other payables	55
Accrued operating expenses	7
Shareholder loans	174
	236
Net liabilities	87
Less: Net liabilities attributable to non-controlling interests	(48)
Carrying value of net liabilities	(39)
Cash consideration	–
Cash and cash equivalents of the subsidiary	(79)
Net cash outflow on loss of control of a subsidiary	(79)

7. Investment in subsidiaries (continued)

(c) Loss of control in subsidiary (continued)

Gain on loss in control:	2017
	$'000
Fair value of retained interest	–
Net liabilities derecognised	39
Gain on loss in control of a subsidiary	39

(d) Incorporation of new subsidiary

Secura Training Academy Pte. Ltd. ("STAPL")

STAPL was incorporated as a 100% owned subsidiary of the Company on 1 March 2017 with a share capital of $300,000.

8. Investment in joint ventures

	Group	
	2017	2016
	$'000	$'000
Secura Foremost eMage Pte. Ltd	280	300
Foremost Secura Corporation	577	519
	857	819

Name of joint ventures	Principal activities	Country of incorporation	Effective interest % 2017	Effective interest % 2016
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
Foremost Secura Corporation (2)	Printing of cheques and vouchers	Taiwan	50	50

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

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

8. Investment in joint ventures (continued)

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

	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
	Secura Foremost eMage Pte. Ltd.		Foremost Secura Corporation	
Summarised balance sheet				
Assets:				
Current assets	383	415	852	708
Non-current assets	3	6	122	136
Total assets	386	421	974	844
Liabilities:				
Current liabilities	56	51	176	162
Total liabilities	56	51	176	162
Net assets	330	370	798	682
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	165	185	399	341
Goodwill on acquisition of SSPL	115	115	178	178
Carrying amount as at 31 December	280	300	577	519
Summarised statement of comprehensive income				
Revenue	351	428	940	960
Other income	1	1	23	18
Expenses	(332)	(366)	(847)	(825)
Profit for the year	20	63	116	153
Other comprehensive income	–	–	–	12
Total comprehensive income	20	63	116	165

Dividend income of $30,000 (2016: $45,000) was received from Secura Foremost eMage Pte. Ltd.

9. Investment in associates

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Custodio Technologies Pte. Ltd	6,401	–	6,221	–
Secura (Thailand) Co., Ltd.	–	–	–	–
Secura Bangladesh Ltd.	613	598	–	–
	7,014	598	6,221	–

Name of associates	Principal activities	Country of incorporation	Effective interest % 2017	Effective interest % 2016
Held by the Company				
Custodio Technologies Pte. Ltd.(1)	Researcher and developer on information technology and trading in sales of solutions developed	Singapore	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

(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 as disclosed in Note 7c of the financial statements.

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

9. Investment in associates (continued)

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

	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
	Custodio Technologies Pte. Ltd.		Secura Bangladesh Ltd.		Secura (Thailand) Co., Ltd.	
Summarised balance sheet						
Assets:						
Current assets	7,304	–	1,790	2,175	164	–
Non-current assets	878	–	1,129	1,468	48	–
Total assets	8,182	–	2,919	3,643	212	–
Liabilities:						
Current liabilities	229	–	814	1,591	305	–
Total liabilities	229	–	814	1,591	305	–
Net assets/ (liabilities)	7,953	–	2,105	2,052	(93)	–
Proportion of the Group's ownership	20%	–	30%	30%	45%	–
Group's share of net assets/(liabilities)	1,591	–	631	616	(42)	–
Goodwill on acquisition (1)	4,388	–	–	–	–	–
Unrecognised share of losses	–	–	–	–	42	–
Other adjustments	422	–	(18)	(18)	–	–
Carrying amount as at 31 December	6,401	–	613	598	–	–
Summarised statement of comprehensive income						
Revenue	3,351	–	3,745	3,010	162	–
Other income	346	–	31	28	–	–
Expenses	(2,798)	–	(3,369)	(2,488)	(366)	–
Profit for the year	899	–	407	550	(204)	–
Other comprehensive income	–	–	(310)	20	–	–
Total comprehensive income	899	–	97	570	(204)	–

(1) Management has performed a preliminary PPA exercise as at the end of the reporting period and has up to 12 months from the date of acquisition to complete and finalise the PPA exercise. Provisional goodwill arising from the preliminary PPA exercise amounted to $4,388,000.

Dividend income of $14,000 (2016: nil) was received from Secura Bangladesh Ltd.

10. Inventories

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	415	451	–	–
Work-in-progress	185	177	–	–
Finished goods	1,071	1,043	–	–
Machinery spares and consumables	9	11	–	–
Goods in transit	325	925	–	–
	2,005	2,607	–	–
Less: Allowance for stock obsolescence	(703)	(149)	–	–
Total inventories at lower of cost and net realisable value	1,302	2,458	–	–

Movements in allowance for stock obsolescence during the financial year:

	2017	**2016**
	$'000	$'000
At 1 January	149	30
Acquisition of subsidiaries	–	101
Charge for the year	586	19
Written back	(29)	(1)
Write off	(3)	–
At 31 December	703	149
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	5,533	5,318

11. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Loan to subsidiary	–	–	–	60
Fixed deposits pledged	–	55	–	–
Deposits	9	10	–	–
	9	65	–	60
Current				
Trade receivables	7,710	7,016	–	–
Accrued income	196	44	–	–
Other receivables	1,159	723	6	18
Fixed deposits pledged	356	648	–	–
Deposits	70	310	7	32
	9,491	8,741	13	50
Total trade and other receivables	9,500	8,806	13	110
Add:				
Amounts due from subsidiaries (Note 12)	–	–	5,170	6,716
Amounts due from joint ventures (Note 13)	56	45	–	–
Cash and cash equivalents (Note 15)	9,842	19,829	5,652	15,048
Total loans and receivables	19,398	28,680	10,835	21,874

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

Receivables that are past due but not impaired

The Group has trade receivables of approximately $3,674,000 (2016: $2,886,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2017	2016
	$'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
More than 90 days	436	122
	3,674	2,886

11. Trade and other receivables (continued)

Receivables that are impaired

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	37	–	–	–
Less: Allowance for impairment	(37)	–	–	–
At 31 December	–	–	–	–
Movement in allowance accounts:				
At 1 January	–	–	–	–
On acquisition of subsidiaries	–	10	–	–
Charge for the year	37	–	–	–
Written back	–	(10)	–	–
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.

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States Dollar	99	51	–	–
Malaysian Ringgit	8	–	–	–

12. Amounts due from subsidiaries

	Company	
	2017	2016
	$'000	$'000
Loans to subsidiaries	1,694	1,196
Amounts due from subsidiaries	3,476	5,520
	5,170	6,716

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

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

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.

14. Amounts due from associates

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Amount due from associates – nominal amounts	248	175	–	–
Less: Allowance for impairment	(248)	(175)	–	–
	–	–	–	–
Movement in allowance accounts:				
At 1 January	175	–	–	–
On acquisition of an associate	–	215	–	–
Charge for the year	128	–	–	–
Written back	(55)	(40)	–	–
At 31 December	248	175	–	–

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

15. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Fixed deposits	5,285	11,555	5,000	11,500
Cash and bank balances	4,557	8,274	652	3,548
	9,842	19,829	5,652	15,048

Interest on fixed deposits with financial institutions are at rates ranging from 0.85% to 1.10% (2016: 0.3% to 1.68%) per annum. These fixed deposits mature in varying periods ranging from 1 to 2 months.

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Malaysian Ringgit	39	105	–	–
Thai Baht	–	154	–	–
United States Dollar	236	154	13	–

16. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables	1,751	2,519	–	–
Other payables	2,305	2,863	368	603
Trade and other payables	4,056	5,382	368	603
Add:				
Accrued operating expenses	1,617	1,296	393	235
Finance lease (Note 31)	348	45	–	45
Bank loan (Note 17)	11,469	12,197	11,469	12,197
Amount due to a joint venture (Note 13)	60	57	–	–
Amount due to a non-controlling interest (Note 18)	–	26	–	–
Less: Goods and service tax	(578)	(500)	(51)	–
Total financial liabilities carried at amortised costs	16,972	18,503	12,179	13,080

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 as at 31 December are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Euro	228	109	–	–
United States Dollar	277	1,242	–	–
Malaysian Ringgit	44	–	–	–

17. Loans and borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current:				
Obligations under finance leases (Note 31(b))	100	30	–	30
Bank loan	833	833	833	833
	933	863	833	863
Non-current:				
Obligations under finance leases (Note 31(b))	248	15	–	15
Bank loan	10,636	11,364	10,636	11,364
	10,884	11,379	10,636	11,379
Total loans and borrowings	11,817	12,242	11,469	12,242

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

	2016		Non-cash changes		2017
		Cash flows	Acquisition	Other	
	$'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. (2016: 5.25% 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) which is repayable over 180 monthly principal instalments ending 13 July 2031.

18. Amount due to a non-controlling interest

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

The amount is denominated in Thai Baht.

19. Share capital

	Group and Company			
	2017		2016	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares				
At 1 January	400,000,000	61,644	100	–*
Issuance of shares pursuant to the Restructuring Exercise	–	–	287,999,900	34,583
Issuance of shares pursuant to the IPO	–	–	112,000,000	28,000
Share issuance expense	–	–	–	(939)
At 31 December	400,000,000	61,644	400,000,000	61,644

*Denotes less than $1,000

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.

23. Revenue

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

24. Other operating income

	2017 $'000	2016 $'000
Interest income from loans and receivables	62	216
Handling fee	427	368
Write-back of allowance for doubtful debts	55	50
Government grant income	994	1,075
Scrap sales	35	31
Rental income	50	24
Management fee from a joint venture	12	12
Gain on loss of control in a subsidiary	39	–
Others	202	131
	1,876	1,907

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

25. (Loss)/profit before tax

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

	2017 $'000	2016 (Restated) $'000
Audit fees:		
- Auditor of the Company	165	185
- Other auditors	2	2
Non-audit fees:		
- Auditor of the Company	96	50
- Other auditors	–	1
Employee benefits (Note 26)	29,775	25,381
Depreciation of property, plant and equipment (Note 4)	2,040	1,414
Amortisation and impairment of intangible assets (Note 6)	460	238
Allowance for stock obsolescence (Note 10)	557	18
Directors' fees	173	190
Operating lease expenses	239	463
Allowance/(write back) of doubtful debts, net	110	(50)
Impairment of property, plant and equipment (Note 4)	(49)	–
(Gain)/loss on disposal of property, plant and equipment	(12)	25

In the financial year ended 31 December 2016, the Company also paid $70,000 to the external auditor in relation to the audit fees for the Company's initial public offering.

26. Employee benefits (including directors)

	2017	2016
	$'000	$'000
Wages, salaries and bonuses	24,865	21,166
Central Provident Fund contributions	2,432	2,066
Share-based payments expense	98	183
Other short-term benefits	2,380	1,966
	29,775	25,381

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 2017.

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:

	2017		2016	
	No.	WAEP	No.	WAEP
Outstanding at 1 January	18,400,000	0.25	18,400,000	0.25
- Forfeited	(8,000,000)	0.25	–	0.25
Outstanding at 31 December	10,400,000	0.25	18,400,000	0.25
Exercisable at 31 December	10,400,000	0.25	–	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 2016 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.

26. Employee benefits (including directors) (continued)

Employee share option plan (continued)

The following table lists the inputs to the option pricing model for the year ended 31 December 2016:

	2017	2016
Dividend yield (%)	–	1.70
Expected volatility (%)	–	35.00
Risk-free interest rate (% p.a.)	–	1.81
Expected life of option (years)	–	5.5 to 7.5
Weighted average share price ($)	–	0.18

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The weighted average remaining life of the options is 8.36 years (2016: 9.36 years).

27. Income tax (credit)/expense

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 December 2017 and 2016 are:

	2017	2016
	$'000	$'000
Current income tax		
- current year	2	245
- over provision in respect of previous years	(82)	(76)
- tax losses transferred	(125)	–
Deferred income tax		
- origination and reversal of temporary differences	(69)	(118)
- under provision in respect of previous years	–	27
Income tax (credit)/expense recognised in profit or loss	(274)	78

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

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

A reconciliation between tax (credit)/expense and the product of (loss)/profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	2017	2016 (Restated)
	$'000	$'000
(Loss)/profit before tax	(2,209)	890
Tax at statutory rate of 17% (2016: 17%)	(376)	151
Adjustments:		
Income not subject to taxation	(8)	(5)
Non-deductible expenses	492	298
(Over)/under provision in respect of previous years:		
- current income tax	(82)	(76)
- deferred income tax	–	27
Effect of partial tax exemption and tax relief	(418)	(281)
Deferred tax assets not recognised	165	26
Tax effect of different tax rate in other countries	(5)	(11)
Share of results of joint ventures and associates	(63)	(46)
Others	21	(5)
Income tax (credit)/expense recognised in profit or loss	(274)	78

Deferred tax

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

	Group			
	Balance sheet		Income statement	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Acquisition of subsidiaries	(706)	(835)	(129)	(147)
Differences in depreciation	(193)	(394)	(201)	135
Grant receivables	(109)	(116)	(7)	(119)
Deferred tax assets				
Provisions and other temporary differences	39	307	268	40
Net deferred tax liabilities	(969)	(1,038)		
			(69)	(91)

At the end of the financial year ended 31 December 2017, the Group has unutilised capital allowances, unutilised donations and unutilised tax losses of approximately $1,175,000 (2016: $204,000) 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. (Loss)/earnings per share

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

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

The following table reflects the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2017	2016
Earnings per ordinary share ("EPS"):		
(Loss)/profit for the year attributable to owners of the Company ('000)	(1,782)	846
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	400,000	386,536
(Loss)/earnings per ordinary share - Basic and diluted (cents)	(0.45)	0.22

10,400,000 (2016: 18,400,000) share options granted to directors under the Secura Employer Share Option Scheme have not been included in the calculation of diluted (loss)/earnings per share because they are anti-dilutive.

29. Dividends

	2017	2016
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
First and final one-tier tax exempt dividend for 2017: $0.3 cents per share (2016: $0.3 cents per share)	1,200	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 2017: Nil (2016: $0.3 cents) per share	–	1,200

30. 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:

	2017	2016
	$'000	$'000
Income		
Management fee from a joint venture	12	12
Sale to a joint venture	246	252
Sale to director-related companies	285	419
Expenses		
Purchases from a joint venture	244	308
Purchases from a director-related company	41	9

(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.

	2017	2016
	$'000	$'000
Short-term employee benefits	1,834	1,490
Central Provident Fund contributions	135	106
Share-based payment expense	98	183
Total compensation paid to key management personnel	2,067	1,779
Comprise amounts paid to:		
Directors of the Company	1,515	1,124
Other key management personnel	552	655
	2,067	1,779

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

During the financial year:

– Nil (2016: 18,400,000) share options were granted to all directors under the ESOS (Note 26) at an exercise price of Nil (2016: $0.25) each.

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

31. 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:

	2017	**2016**
	$'000	$'000
Not later than one year	215	349
Later than one year but not later than five years	440	660
Later than five years	965	1,336
	1,620	2,345

31. 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 (2016: 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			
	2017	**2017**	**2016**	**2016**	**2017**	**2017**	**2016**	**2016**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Not later than one year	109	100	31	30	–	–	31	30
Later than one year but not later than five years	271	248	16	15	–	–	16	15
Total minimum lease payments	380	348	47	45	–	–	47	45
Less: Amounts representing finance charges	(32)	–	(2)	–	–	–	(2)	–
Present value of minimum lease payments	348	348	45	45	–	–	45	45

32. 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, System Integration and Security Consultancy and Services

32. Segment information (continued)

	Corporate	Security Printing	Security Guarding	Cyber Security	Homeland Security, System Integration and Security Consultancy and Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000 (Note A)	$'000
Year ended 31 December 2017							
Revenue:							
External customers	–	10,400	24,787	2,362	4,025	–	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	157	–	2,040
Amortisation of intangible assets	–	218	–	113	–	–	331
Share of results of joint ventures and associates	180	190	–	–	–	–	370
Segment (loss)/profit	(458)	1,161	814	(2,011)	(1,441)	–	(1,935)
Assets:							
Segment assets, representing total assets	35,595	14,390	8,491	755	3,594	878	63,703
Liabilities:							
Segment liabilities, representing total liabilities	13,628	2,674	4,710	844	4,213	(6,572)	19,497

32. Segment information (continued)

	Corporate	Security Printing	Security Guarding	Cyber Security (Restated)	Homeland Security, System Integration and Security Consultancy and Services	Elimination (Restated)	Total (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000 (Note A)	$'000
Year ended 31 December 2016							
Revenue:							
External customers	–	11,571	21,300	1,646	1,545	–	36,062
Inter-segment	2,310	–	–	7	356	(2,673)	–
Results:							
Interest income	219	–	–	–	–	(3)	216
Depreciation of property, plant and equipment	94	1,257	35	19	9	–	1,414
Amortisation of intangible assets	–	218	–	20	–	–	238
Share of results of joint ventures and associates	–	273	–	–	–	–	273
Segment (loss)/profit	(993)	1,286	1,000	(170)	(311)	–	812
Assets:							
Segment assets, representing total assets	40,918	14,882	7,668	1,524	3,683	(150)	68,525
Liabilities:							
Segment liabilities, representing total liabilities	14,828	4,646	5,201	1,228	3,270	(7,974)	21,199

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

32. Segment information (continued)

Geographical information

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

	2017	2016 (Restated)
	$'000	$'000
Revenue		
Singapore	41,496	36,062
Thailand	78	–
	41,574	36,062
Non-current assets		
Singapore	38,839	33,225
Malaysia	2,412	2,463
Taiwan	581	520
Bangladesh	613	598
Thailand	–	49
	42,445	36,855

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

33. Contingent liabilities

The Company has undertaken to provide continuing financial support to its subsidiaries, Soverus Group Pte. Ltd., Soverus Technology Pte. Ltd., Secura Documation Pte. Ltd., Red Sentry 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.

34. 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.

34. Financial risk management objectives and policies (continued)

(a) Credit risk

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

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

Exposure to credit risk

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

(b) Foreign currency risk

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

34. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

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

	2017	**2016**
	$'000	$'000
	(Decrease)/increase in (loss)/profit before tax	
USD/SGD		
- strengthened 3% (2016: 3%)	(2)	(31)
- weakened 3% (2016: 3%)	2	31

(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 2017

Group	**One year or less**	**One to five years**	**Total**
	$'000	$'000	$'000
Financial assets:			
Trade and other receivables	9,491	9	9,500
Amounts due from joint ventures	56	–	56
Cash and cash equivalents	9,842	–	9,842
Total undiscounted financial assets	19,389	9	19,398
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
Total undiscounted financial liabilities	6,401	13,982	20,383
Total net undiscounted financial assets/ (liabilities)	12,988	(13,973)	(985)

34. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2016

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

34. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2017

Company	One year or less	One to five years	Total
	$'000	$'000	$'000
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)

As at 31 December 2016

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

34. Financial risk management objectives and policies (continued)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2016: nil) from the end of the reporting period.

The Group's policy is to manage interest cost using floating rate loans and borrowings, depending on the liquidity needs of the Group, with the objective of ensuring that there is sufficient net cash for the Group's operations at reasonable interest rates. The interest rates are determined based on ranges between 0.88% to 1.08% (2016: 0.88%) plus the 3-month SIBOR.

<u>Sensitivity analysis for interest rate risk</u>

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	
	2017	**2016**
	$'000	$'000
	Increase/(decrease) in profit before tax	
Bank borrowings		
- increase in interest rate (2016: 0.5%)	(57)	(61)
- decrease in interest rate (2016: 0.5%)	57	61

35. 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 2017 and 31 December 2016.

36. 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			
	2017		**2016**	
	$'000		$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability:				
Finance lease (non-current)	271	248	16	15

37. Prior year adjustments

The Group's comparative figures for the year ended 31 December 2016 have been restated due to the finalisation of RSPL's PPA exercise during the current financial year.

<u>Finalisation of RSPL's PPA exercise</u>

Upon the finalisation of the PPA exercise, goodwill arising from the acquisition of RSPL, customer relationships, the carrying amounts of deferred revenue, income tax expense and amortisation of the customer relationships have been adjusted accordingly on a retrospective basis. These adjustments have no effect on the opening balance sheet as at 1 January 2017, and accordingly, no opening balance sheet was presented.

The 2016 comparative information has been restated to reflect the PPA adjustments. The fair value of the customer relationship increased by $10,000, while the fair value of deferred revenue decreased by $120,000. Goodwill arising on consolidation decreased by $130,000 and the adjusted goodwill arising on the acquisition amounted to $1,388,000. The amortisation charge of the customer relationships and reversal of deferred revenue from the acquisition date to 31 December 2016 increased by $20,000 and $88,000 respectively.

37. Prior year adjustments (continued)

Finalisation of RSPL's PPA exercise (continued)

The retrospective adjustments and reclassifications to the Group's financial statements are as follows:

	Group		
	Previously stated	**Adjustments**	**As adjusted**
	$'000	$'000	$'000
Balance sheet			
At 31 December 2016			
Non-current assets			
Intangible assets	3,638	(140)	3,498
Current liabilities			
Deferred revenue	(896)	32	(864)
Equity			
Retained earnings	(1,625)	108	(1,517)
Statement of comprehensive income			
For the financial year ended 31 December 2016			
Revenue	(36,150)	88	(36,062)
Distribution and selling expenses	1,727	20	1,747

38. Events occurring after the reporting period

On 2 March 2018, the Company subscribed for 700,000 ordinary shares of Soverus Pte. Ltd. ("SPL") for a total cash consideration of $700,000. Following the investment, the issued and paid-up capital of SPL has increased to $2,200,000 comprising 2,200,000 shares. SPL is now 32% held by the Company and 68% held through a wholly-owned subsidiary, SGPL.

On 27 March 2018, the Company entered into a sale and purchase agreement in relation to the disposal of 18,000 ordinary shares, representing 45% of the entire issued and paid-up share capital of Secura Thailand. The disposal of shares in Secura Thailand was completed on 29 March 2018.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 2 April 2018.

Number of ordinary shares in issue	:	400,000,000
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	0	0.00	0	0.00
100 - 1,000	574	32.65	566,400	0.14
1,001 - 10,000	423	24.06	2,573,300	0.64
10,001 - 1,000,000	724	41.18	77,321,000	19.33
1,000,001 AND ABOVE	37	2.11	319,539,300	79.89
TOTAL	**1,758**	**100.00**	**400,000,000**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares	%
1	KESTREL INVESTMENTS PTE LTD	154,932,000	38.73
2	CITY DEVELOPMENTS LIMITED	27,294,900	6.82
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	20,281,700	5.07
4	DBS NOMINEES (PRIVATE) LIMITED	16,398,300	4.10
5	CHIEW POH CHENG	8,000,000	2.00
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,250,200	1.56
7	RAFFLES NOMINEES (PTE) LIMITED	5,668,000	1.42
8	CHAU MEI	5,575,500	1.39
9	HARTONO TJAHJADI	4,299,700	1.07
10	TAN CHOON KEAT TONY	4,055,900	1.01
11	LOCK WAI HAN	4,032,000	1.01
12	ANG HAO YAO (HONG HAOYAO)	4,030,000	1.01
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,024,300	1.01
14	TAN INSURANCE BROKERS PTE LTD	3,900,000	0.98
15	TAN CHOR KHER TERRY	3,890,000	0.97
16	PHILLIP SECURITIES PTE LTD	3,539,400	0.88
17	KUOK KHONG HONG @KUOK KHOON HONG	3,503,700	0.88
18	MARTUA SITORUS	3,474,900	0.87
19	LIM TIEN LOCK CHRISTOPHER	3,445,900	0.86
20	RICHARD TEH LIP HEONG	3,275,400	0.82
	TOTAL	**289,871,800**	**72.46**

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

Names of Directors	Direct interest	%	Deemed interest	%
Tan Wee Han	3,168,000	0.79	–	–
Lock Wai Han*	4,032,000	1.01	–	–

*Mr Lock Wai Han resigned as a Director on 31 March 2018.

Substantial Shareholders
(Based on the Register of Substantial Shareholders)

Names of Directors	Direct interest	%	Deemed interest	%
Kestrel Investments Pte. Ltd.	154,932,000	38.73	–	–
Lim Eng Hock (1)	–	–	154,932,000	38.73
City Developments Limited	27,294,900	6.82	–	–
Hong Leong Investment Holdings Pte. Ltd. (2)	–	–	27,294,900	6.82

Notes:

(1) Lim Eng Hock has a direct interest in the entire issued share capital of Kestrel Investments Pte. Ltd. and is deemed interested in the 154,932,000 shares held by Kestrel Investments Pte. Ltd. by virtue of Section 4 of the 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 19 March 2018, approximately 52.63% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

STATISTICS OF WARRANTHOLDINGS

AS AT 19 MARCH 2018

Distribution of Warrantholdings

Size of warrantholdings	No. of warrantholders	%	No. of warrants	%
1 - 99	0	0.00	0	0.00
100 - 1,000	2	0.16	1,300	0.00
1,001 - 10,000	771	62.08	1,985,100	0.89
10,001 - 1,000,000	425	34.22	53,644,000	23.95
1,000,001 AND ABOVE	44	3.54	168,369,600	75.16
Total	**1,242**	**100.00**	**224,000,000**	**100.00**

Twenty Largest Warrantholders

No.	Name of warrantholders	No. of warrants held	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	22,706,000	10.14
2	HARTONO TJAHJADI	17,682,600	7.89
3	LEE THENG KIAT	12,000,000	5.36
4	CHOW WING WAH	11,500,000	5.13
5	RAFFLES NOMINEES (PTE) LIMITED	9,837,700	4.39
6	TAN KAH HENG (CHEN JIAXING)	8,364,700	3.73
7	UOB KAY HIAN PRIVATE LIMITED	4,600,000	2.05
8	DBS NOMINEES (PRIVATE) LIMITED	4,573,000	2.04
9	TAY TECK HUAT	4,429,300	1.98
10	YIP KIN SUNG	4,012,000	1.79
11	HARDJANTO ADIWANA	3,900,000	1.74
12	NG TIE JIN (HUANG ZHIREN)	3,802,000	1.70
13	LIN MEIFENG	3,800,000	1.70
14	CITIBANK NOMINEES SINGAPORE PTE LTD	3,624,000	1.62
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,530,000	1.58
16	WONG CHIANG YIN	3,300,000	1.47
17	HENRY TAY YUN CHWAN	3,140,000	1.40
18	LEE GEOK TIN	3,000,000	1.34
19	PHILLIP SECURITIES PTE LTD	2,969,000	1.33
20	CHUA CHOON HIN JOHNNY	2,512,000	1.12
	Total	**133,282,300**	**59.50**

Exercise Price: S$0.35 in cash for each converted share on the exercise of a warrant

Exercise Period: Commencing on and including the date of issue of the warrants on 26 January 2016 and expiring at 5.00 p.m. on the date immediately preceding the 3rd anniversary of the date of issue of the warrants, unless such date is a date on which the Register of Members is closed or is not a market day and excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the deed poll.

Warrant Agent: Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623

NOTICE 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 Monday, 23 April 2018 at 10.30 am 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 2017 together with the Auditors' Report thereon. **(Resolution 1)**

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

   (a) Mr Tan Wee Han **(Resolution 2(a))**
   (b) Mr Gary Ho Kuat Foong **(Resolution 2(b))**

   [See Explanatory Note (i)]

   Mr Tan Wee Han will, upon re-election as a Director, remain as a member of the Nominating Committee, and will be considered non-independent.

   *Mr Gary Ho Kuat Foong will, upon re-election as a Director, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating 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**").*

3. To approve and ratify the additional payment of Directors' fees of S$9,000 for the financial year ended 31 December 2017.

   [See Explanatory Note (ii)] **(Resolution 3)**

4. To approve the payment of Directors' fees of S$199,000 for the financial year ending 31 December 2018, payable quarterly in arrears. (2017: S$173,000) **(Resolution 4)**

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

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

AS SPECIAL BUSINESS

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

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

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

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

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

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

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

provided that:

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

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

[See Explanatory Note (iii)] **(Resolution 6)**

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

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

[See Explanatory Note (iv)] **(Resolution 7)**

By Order of the Board

Ngiam May Ling
Secretary

Singapore, 6 April 2018

Explanatory Notes:

(i) Resolutions 2(a) and 2(b) are for the re-election of Mr Tan Wee Han and Mr Gary Ho Kuat Foong, Directors who retire by rotation at the AGM. For more information on the Directors, please refer to the "Board of Directors" section in the Annual Report 2017.

Mr Tan Wee Han holds approximately 0.792% of the issued share capital of the Company. Mr Tan was nominated by the Company's controlling shareholder, Kestrel Investments Pte Ltd, which is wholly owned by Mr Peter Lim. Mr Tan is the nephew of Mr Peter Lim.

Save as disclosed above, there are no relationships including immediate family relationships between Mr Tan Wee Han, Mr Gary Ho Kuat Foong and the other Directors, the Company, its related corporations, its 10% shareholders or its officers.

(ii) The payment of S$9,000 was made to Mr Tan Wee Han who was re-designated from Executive Director to Non-Executive, Non-Independent Director on 2 October 2017.

(iii) The ordinary resolution 6 in item 7 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares. As at 6 April 2018, the Company did not have treasury shares or subsidiary holdings.

(iv) The ordinary resolution 7 in item 8 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, 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 the earlier, to allot and issue ordinary shares of the Company pursuant to the exercise of options granted and/or shares to be awarded under the Share-Based Incentive Plans up to a number not exceeding in aggregate (for the entire duration of the Share-Based Incentive Plans) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the AGM of the Company. 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), 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 or service providers) 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 6 April 2018.

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 of the Company to be held at 38 Alexandra Terrace, Level 2, Singapore 119932 on Monday, 23 April 2018 at 10.30 am 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	Directors' Statement, Audited Financial Statements and Auditor's Report for the financial year ended 31 December 2017		
2	Re-election of Mr Tan Wee Han as a Director		
3	Re-election of Mr Gary Ho Kuat Foong as a Director		
4	Ratification of payment of Directors' fees of S$9,000 for the financial year ended 31 December 2017		
5	Directors' fees amounting to S$199,000 for the financial year ending 31 December 2018		
6	Re-appointment of Ernst & Young LLP as auditors of the Company		
7	Authority to allot and issue shares		
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		

(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 ____________ 2018

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, Level 2, 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)*
Ms. Lim Siok Leng *(Executive Director, Acting CEO and CFO)*
Mr. Tan Wee Han *(Non-Executive, Non-Independent Director)*
Mr. Gary Ho Kuat Foong *(Independent Director)*
Mr. Ong Pang Liang *(Independent Director)*

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

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

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

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

COMPANY REGISTRATION NUMBER
201531866K

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

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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

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Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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Printed and Produced by: SL Financial Press Pte Ltd
Designed by: Eileen Yeo

2017 Secura Group Limited Annual Report
Company Registration No. 201531866K
Incorporated in the Republic of Singapore on 14 August 2015

www.securagroup.sg

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