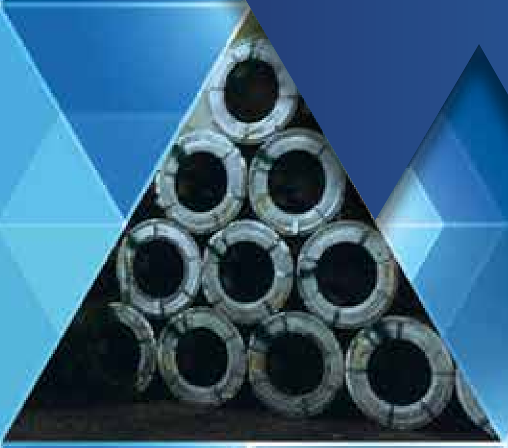
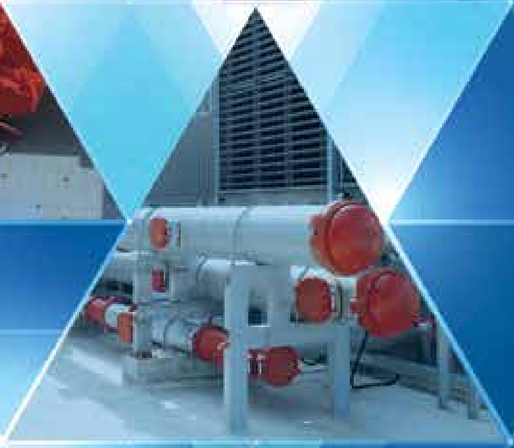
LIBRA
GROUP LIMITED



Integration
Innovation
Transformation

ANNUAL REPORT 2013

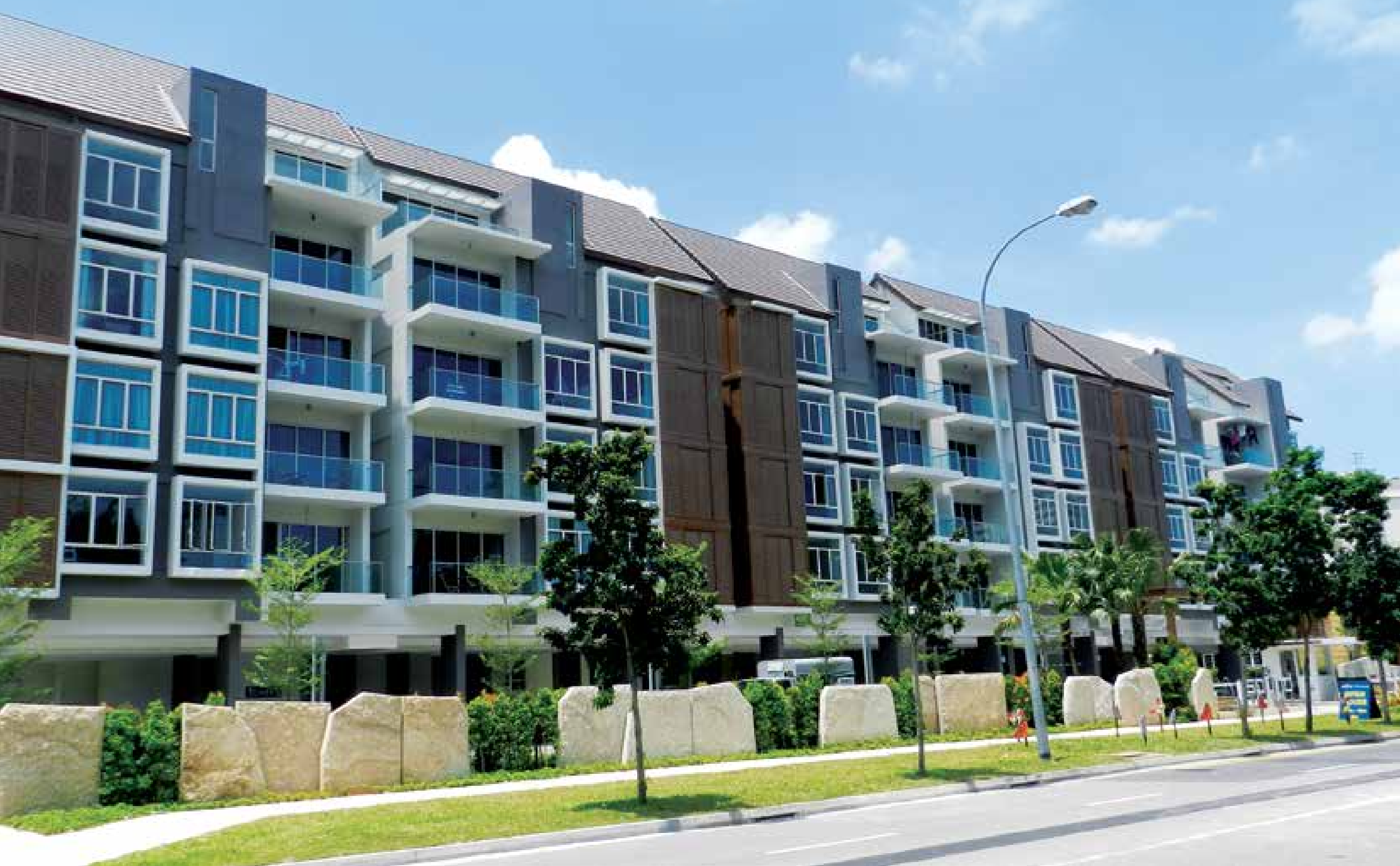


Contents

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

The 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 the annual report.

The contact person for the Sponsor is Mr. Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.






"While we forge ahead with our plans for growth, we continue to be committed to our customers and our core competencies of providing specialised and fully integrated building construction services in the industry."

Corporate Profile

Home-grown Libra Group Limited ("Libra") (and together with its subsidiaries, the "Group") is principally engaged in the business of providing integrated mechanical and electrical engineering services as a specialist sub-contractor, including the design, supply and installation of air-conditioning and mechanical ventilation ("ACMV") systems, fire alarms and fire protection systems, electrical and ELV systems, sanitary and plumbing systems and specialty gas systems as well as the manufacturing and sale of ACMV ducts and the trading of ACMV related products. We have also expanded into main contracting business to provide total building solutions for building owners.

Our Group's business can be categorized into three (3) segments as follows:

- M&E services – Including manufacturing, supply and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems ("M&E Services");
- Manufacturing and sale of ACMV ducts and trading of ACMV related products ("Manufacturing"); and
- Main contract business – Undertaking complete building construction contracts to provide total solutions for our valued customers ("Main Contract Business").

M&E Services

Our Group, through its subsidiary, Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering") has been in the business of installing ACMV insulation in Singapore since 1997. Since 2005, Kin Xin Engineering expanded its business to include additional M&E services, specializing in the supply and installation of ACMV systems, fire alarms and fire protection systems, electrical systems as well as sanitary and plumbing systems for residential, commercial and industrial buildings in Singapore. This wide range of services allows us to provide comprehensive one-stop services for our customers. We have recently successfully upgraded to BCA L6 for ACMV installation and L5 for electrical and ELV installation.

Manufacturing

Our Group, through its other subsidiary, Libra Engineering Pte. Ltd. ("Libra Engineering") started fabricating ACMV ducts in 2005. We are currently manufacturing the ACMV ducts for use in our Group's construction projects and also for sale to third party contractors including main contractors and sub-contractors in the construction industry.

Our Group remains focused on ensuring high product quality and reliable customer deliveries. We have established a strong reputation as a service-oriented and reliable solution provider in M&E services which meets the needs of customers through our manufactured products. Our Group is ISO 9001:2008 and bizSAFE certified, underlining our unwavering commitment to quality, workplace safety and health.

Main Contract Business

In May 2013, the Group acquired majority of the interests in a BCA licensed C1 main contractor, Ai-Build Pte Ltd, to undertake complete building construction contracts to provide total solutions for our valued customers. After consolidation, the company started to gain momentum and won contracts with an order book of around S$3.4 million by end of March 2014.

Chairman and Chief Executive Officer's Statement

"On behalf of the board of directors (the "Board") of Libra Group Limited, we are delighted to present our annual report for the financial year ended 31 December 2013 ("FY2013")"

Dear Shareholders,

2013 was a recovery year for the Group with profit net of tax attributable to owners of the Company of S$0.52 million when compared to last year's loss of S$2.93 million. Overall, the Group achieved an encouraging financial performance in FY2013 as our revenue rose to S$31.53 million, representing an increase of 10% when compared to the previous financial year ended 31 December 2012 ("FY2012"). Our total order book as at 31 December 2013 stood at around S$54 million. A first and final dividend of 0.30 Singapore cents per share is proposed and is subject to shareholders' approval at the forthcoming Annual General Meeting.

Financial Year Under Review

The increase in the Group's total revenue of S$2.86 million or 10.0%, from S$28.67 million in FY2012 to S$31.53 million in FY2013, was attributable to higher revenue from the manufacturing segment of S$5.28 million or 60.8% from S$8.67 million in FY2012 to S$13.94 million in FY2013, primarily due to increased sales to external customers and re-sale of coils in FY2013. This increase was offset by a slight decline in revenue from the mechanical and electrical engineering (M&E) segment of S$2.42 million or 12.1% from S$20.00 million in FY2012 to S$17.58 million in FY2013 mainly due to the recognition of a larger portion of revenue from on-going projects in FY2012 as compared to FY2013.

On the other hand, our gross profit margin was squeezed from 25.7% in FY2012 to 17.4% in FY2013 with higher costs of materials and wages. Despite that, we posted S$0.38 million net profit after tax for FY2013 compared to net loss after tax of S$2.93 million for FY2012 as there was a substantial reduction in the provision for impairment of contract work-in-progress for FY2013 as compared to FY2012.

Business and Operations

With the continual support of our valued customers, 2013 presented our Group with growth opportunities as we were awarded a total of seven (7) major sub-contracts: five (5) in commercial developments and two (2) in residential developments for M&E services.

In FY2013, our Group substantially completed sub-contract works for two (2) commercial projects, three (3) condominium developments and one (1) shopping mall. In 2014, we shall continue with our projects secured at seven (7) large residential developments, a commercial development, a teaching facilities building and a sports hub. These sub-contracts are expected to contribute positively to our Group's revenue for the financial year ending 2014 and beyond.

We ended 2013 with a strong order book of around S$54 million for M&E services as at 31 December 2013.

Our main contracting business also started to bear fruits. In late 2013 and early 2014, we have been awarded two government projects for an aggregate amount of S$3.4 million and both projects shall be completed in 2014.

Outlook and Plans

The construction industry is expected to remain competitive. To gain competitive advantage, our Group will continue to focus on building up our strength through continuous innovation, integration and transformation strategies in the complete value chain including but not limited to main contract works, mechanical & electrical sub-contract works and manufacturing. We will also explore ways to increase our productivity in our manufacturing facility and project execution and offer one stop total solutions for building related products and services to our customers.

Our Group's manufacturing arm, Libra Engineering, had broadened its range of manufactured and trading related products in order to meet customers' demands. It will continue to forge stronger ties with existing customers as well as major vendors in order for the Group to supply quality products to our customers consistently and on a timely basis. Libra Engineering will also develop strategic alliances in the construction industry with a view to enhancing its business processes with diversified and sustainable revenue streams.

To further reduce operating expenses and support the expansion of the Group's business operations, we plan to acquire a factory at Loyang Drive, which is subject to shareholders' approval. The proposed acquisition is intended to improve shareholders' value by achieving cost savings.

We will continue to manage escalating labor costs through productivity improvement and other cost savings strategies in selling, general and administrative expenses. On a long term basis, the Group will continue seeking potential opportunities to achieve sustainable growth.

Overall, we remain cautiously optimistic about our outlook as we move into 2014 and will continue to adopt a responsible and balanced approach in managing our business as we scale new heights.

Appreciation

Finally, I would like to take this opportunity to thank our shareholders, customers, suppliers, sub-contractors and bankers for their continual support and confidence in Libra Group Limited. My appreciation goes to our management team and all our staff for their dedication and hard work, and to my fellow Directors for their contributions.

Yours sincerely,

Chu Sau Ben
Executive Chairman and
Chief Executive Officer

主席兼执行总裁致词

尊敬的股东们:

我很荣幸地代表天秤集团有限公司的董事会("董事会"),呈现我们集团截至2013年12月31日的财政年度报告("2013财政年")。

2013是集团复苏的一年,相比去年的293万新元的损失,今年税后净利润是52万新元。总体而言,我们集团在2013财政年取得了一个令人鼓舞的财务业绩,总营业额上升到3153万新元,相比上一年(2012财政年)增长10%。截至2013年12月31日集团的订单总额大约是5400万新元。董事会建议派发每股0.30分的年终股息,有待股东们在即将举行的年度股东大会上批准。

年度回顾

集团总营业额从2012年的2867万新元到2013年的3153万新元,共增加了286万新元或10.0%,由于外部客户销售的增加和转售镀锌钢板,制造部门收入增加,从2012年的867万新元增至2013年的1394万新元,共增加528万新元或60.8%。这些增加抵消了收入略有下降的机电工程部门,从2012年的2000万新元到2013年的1758万新元,下降242万新元或12.1%,主要由于正在施工的工程项目中主体部分在2012年完成,而不是2013年。

另一方面,我们的毛利率从2012年的25.7%降低到2013年的17.4%,主要原因是由于更高的原材料成本和工资。尽管如此,我们在2013年的税后净利润是38万新元,相比2012年税后净亏损的293万新元,成功扭亏为盈,2013年相比2012年减少了大量的坏账减值准备金。

商机与运营

在客户的不断支持下,2013年,我们一共获得七(7)份主要的机电工程分包合同;其中五(5)份商业发展项目和两(2)份住宅发展项目。

2013年,我们集团完成了两(2)个商业项目分包工程,三(3)个公寓发展工程和一(1)个购物中心。在2014年,我们将继续完成已经获得的七(7)个大型住宅发展项目、一(1)个商业开发项目、一(1)个教学设施建设项目和一(1)个体育中心。这些分包工程预计将为我们集团在2014年的收入做出积极的贡献。

我们在2013年年终前共有大约5400万新元的机电工程的订单。

我们的总包业务也开始开花结果。在2013年末和2014年初,我们获得两个总金额340万新元的政府项目,这两个项目将在2014年完成。

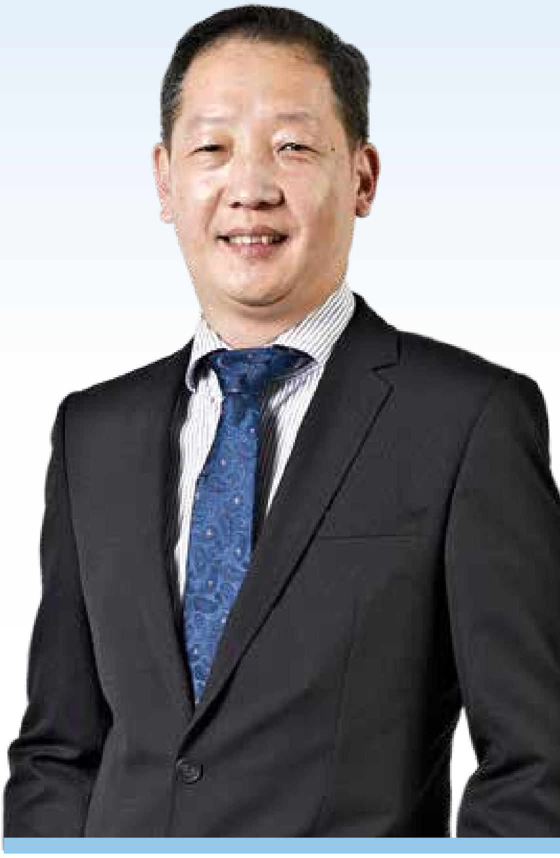
展望未来

接下来几年建筑业仍将保持高度竞争性。为了获得竞争优势,我们集团将继续通过不断创新,整合和转换策略等方式来扩充我们的实力,主要包括但不限于主承包合同,机械和电气分包工程和制造业。我们还将探索如何提高生产力,为客户提供一站式产品和服务。

我们集团的制造业部门,Libra Engineering Pte . Ltd .("天秤工程"),将继续扩大其生产规模及产品范围以满足客户的需求。天秤工程将继续加强与现有客户的关系以及主要厂商的联系,以保证及时地提供高质量的产品给我们的客户。天秤工程也将在建筑业开发战略联盟,以优化其业务流程,并提供多渠道、稳定的收入来源。

为了进一步降低营运开支,支持集团的不断扩张,我们已经达成了协议,只待股东大会批准,收购一家在Loyang Drive的工厂。这个计划可以通过节约开支为股东们创造最大化的价值。

我们将继续通过提高生产力的方式来抵消日益增长的劳动力成本和其他在销售、日常及管理费用节约成本的策略。长期而言,集团将继续寻求潜在机会以实现可持续性增长。



总的来说, 在进入2014年之际,我们对集团前景保持谨慎乐观,并将继续采取负责任的和平衡的方式管理我们的业务,从而使我们的业务规模再创新高。

致谢

最后,我想借此机会感谢我们的股东、客户、供应商、分包商和银行家对天秤集团有限公司持续支持和信任。我也要感谢我们的管理团队和全体员工的无私奉献和努力工作, 还要感谢我们其他的董事会成员的贡献。

朱振铭
主席兼执行总裁

Board of Directors

Chu Sau Ben, 48, is our Executive Chairman and Chief Executive Officer, and was appointed to our Board on 20 October 2010. Mr. Chu has over 28 years of experience in the construction industry and is instrumental to the growth and development of our Group. He is responsible for the overall management, strategic planning, business development and operations of our Group.

Since the age of 18, Mr Chu has been involved in various works involving ACMV components where he gained valuable hands-on experience. Mr Chu has been responsible for the management and operations of Kin Xin Engineering since its incorporation in 1997. Largely due to his drive and foresight, Mr Chu was able to expand the business of Kin Xin Engineering into the supply and installation of ACMV ductwork, chilled water pipes and refrigerant copper pipes and Kin Xin Engineering was able to secure more projects of increasing scale and value from both public and private sector customers over the years. In 2005, Mr Chu incorporated Libra Engineering to engage in the business of the fabrication of ACMV ducts. With this manufacturing capability, our Group is able to provide a one-stop service to our customers, from the fabrication of the ducts to the installation of complete ACMV systems.

Currently, Mr Chu is also the director of YC Capital Consolidated Sdn. Bhd. and YC Travel & Tours Sdn. Bhd.

Alex Chua Siong Kiat, 42, was appointed to our Board as an Executive Director on 18 November 2013. He joined Libra Group Limited as our Chief Financial Officer on 1 July 2013. He is responsible for the financial and corporate administration functions of the Group, including finance, accounting, and compliance.

Before joining us, Mr Chua was the director, finance & control, Asia Ex-China region with Imtech Marine B.V. During 2012, his responsibilities extended to serving as interim co-managing director as well as acting human resource director prior to the appointment of permanent successors. Mr Chua has close to 20 years of international working experience in finance, accounting and business administration, having been based in London, Beijing, Ho Chi Minh City and Singapore, and with companies which are market leaders in their respective industries.

Besides being a Fellow of Chartered Certified Accountant (FCCA, UK), Mr Chua is also a Certified Internal Auditor (CIA, USA) and Singapore Chartered Accountant (CA Singapore). He holds a Master of Business Administration degree (MBA, DIC) from London Imperial College Business School.

Board of Directors

Yuen Sou Wai, 60, is our Lead Independent Director and was appointed to our Board on 4 October 2011. Mr. Yuen currently chairs the Audit Committee and is a member of our Remuneration Committee and Nominating Committee.

Mr Yuen is currently also the lead independent director of Chew's Group Limited and an independent director of YHI International Limited, which are companies listed on the SGX-ST. He has more than 36 years of broad-based financial and management experiences in various large local and global multinational companies. He had held several senior financial and management positions including executive director, chief financial officer, regional finance director and group financial controller.

Mr Yuen holds a Master in Business Administration degree from the University of Leicester, United Kingdom. He is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

Eng Meng Leong, 59, is our Independent Director and was appointed to our Board on 4 October 2011. Mr Eng currently chairs the Nominating Committee and is a member of our Remuneration Committee and Audit Committee.

Mr Eng has over 26 years of experience in the tax industry, having previously worked in KPMG Tax Services Pte. Ltd. ("KPMG Tax Services") from 1984 to 2009, and rose to become an executive director of KPMG Tax Services. He is currently an independent director of 3Cnergy Limited, a company listed on the Catalist of the SGX-ST. He also serves as a director of Croesus Retail Asset Management Pte Ltd and Religare Health Trust Trustee Manager Pte Ltd, the trustee managers of Croesus Retail Trust ("CRT") and Religare Health Trust ("RHT") respectively. CRT and RHT are business trusts listed on the Main Board of the SGX-ST.

From June 2010 to March 2014, Mr Eng had served as an independent director of Kreuz Holdings Limited, which was delisted from the Main Board of the SGX-ST on 5 March 2014 following a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore.

Mr Eng was admitted as an associated member of the Institute for Chartered Accountants of England and Wales in 1982. He is also a member of the Institute of Singapore Chartered Accountants. In 2011, he was admitted as an Accredited Tax Advisor by the Singapore Institute of Accredited Tax Professionals Limited.

Kong Chee Keong, 46, is our Independent Director and was appointed to our Board on 24 April 2013. Mr. Kong had 20 years of corporate strategy development, private equity investment and financial accounting experience, having previously worked with Ernst & Young LLP and the private equity arm of ING Barings. He provides corporate strategy development and project management services to both listed and private companies in Malaysia and Singapore.

Mr. Kong holds a Master of Business Administration from Manchester Business School and a Bachelor of Accountancy (Hons) from the National University of Singapore. He is a full member of the Institute of Singapore Chartered Accountants.

Financial and Operating Review

Financial Performance

The Group's total revenue increased by S$2.86 million or 10.0%, from S$28.67 million in FY2012 to S$31.53 million in FY2013. This increase was attributable to higher revenue from the manufacturing segment of S$5.28 million or 60.8% from S$8.67 million in FY2012 to S$13.94 million in FY2013, primarily due to increased sales to external customers and re-sale of coils in FY2013. This increase was offset by a slight decline in revenue from the mechanical and electrical engineering (M&E) segment of S$2.42 million or 12.1% from S$20.00 million in FY2012 to S$17.58 million in FY2013 mainly due to the recognition of a larger portion of revenue from on-going projects in FY2012 as compared to FY2013.

Our Group's gross profit of S$5.48 million in FY2013 was lower when compared to S$7.37 million in FY2012, mainly due to a decline of S$2.71 million in gross profit from the M&E segment arising from rising costs of materials and wages. This decline was offset by an increase of S$0.82 million of gross profit from the manufacturing segment due to above mentioned increased sales to external customers and re-sale of coils.

Other income increased by S$1.25 million from S$0.16 million in FY2012 to S$1.41 million in FY2013 mainly due to write-back of allowance for doubtful debts of S$0.13 million, write back of contract work in progress previously impaired S$0.85 and gain on disposal of freehold land of S$0.21 million.

Administrative expenses declined by S$3.84 million or 37.8% from S$10.17 million in FY2012 to S$6.33 million in FY2013. This was mainly attributable to 1) a decrease in provision for impairment of contract work-in-progress of S$4.41 million, from S$4.71 million in FY2012 to S$0.29 million in FY2013, and 2) a decrease of S$0.40 million in allowance and write off of doubtful debts, offset by 1) S$0.10 million loss on disposal of property, plant and equipment, 2) an increase of S$0.09 million on depreciation charges and 3) an increase of S$1.09 million in higher employees' salaries and wages due to annual salaries adjustment, headcount increase and related administrative expenses.

Finance costs increased by S$0.11 million from S$0.27 million in FY2012 to S$0.38 million in FY2013, mainly due to higher invoice financing utilised by the Group in FY2013.

The Group's profit before tax in FY2013 was S$0.17 million, as compared to a loss before tax of S$2.92 million in FY2012.

There was an income tax credit of S$0.21 million in FY2013 compared to an income tax expense of S$0.02 million in FY2012 due to an overprovision pertaining to prior years which were reversed in FY2013.

Financial Position

As at 31 December 2013, our balance sheet remains healthy. Our Group's current assets stood at S$21.02 million as compared to current liabilities of S$12.09 million, which gave our Group a positive working capital of S$8.93 million as at 31 December 2013.

Group's cash and cash equivalents stood at S$3.45 million and Group's net assets were S$10.86 million as at 31 December 2013.

Operating Review

The major projects which had been substantially completed by our Group during the financial year under review were as follows:

- Condominium development at Spottiswoode Park Road
- Residential development at Serangoon Avenue 3
- Residential development at Canberra Drive/Yishun Avenue 7
- Commercial development in Paya Lebar
- Shopping mall in Orchard
- Commercial development at Serangoon North Ave 5

The major projects that are currently in progress are set out below:

- Condominium development at Ang Mo Kio Avenue 8
- Condominium development at Enggor Street in Tanjong Pagar
- Condominium development at Amber Road
- Condominium development at Woodgrove Avenue
- Sports Hub at National Stadium
- Residential development at Canberra Drive
- Condominium development at Yishun Avenue 1
- Condominium development at Bedok South Avenue 3
- Commercial development at Jurong Gateway Road
- Teaching facilities building at Tampines Avenue 1

Executive Officers

Dr Zhou Qian, 43, is our Vice President, Marketing and Business Development. He is responsible for business development, legal matters and contracts as well as tender and purchasing. He first joined our subsidiary, Kin Xin Engineering, on 1 October 2013 as Assistant General Manager, and was promoted to his current position on 16 January 2014 further to the Group's internal restructuring of management. He was appointed to be a Director of Ai-Build Pte Ltd, a subsidiary of Libra Group Limited, on 12 March 2014.

Dr Zhou has 17 years of experience in the building industry after obtaining a Ph.D in mechanical engineering from The Institute of Engineering Thermophysics, Chinese Academy of Sciences in 1996. Prior to joining the Group, he was a technical director at Meinhardt (Singapore) Pte Ltd.

Dr. Zhou has excellent technical background, vast experience in management, strong network resources and good finance knowledge.

Deng Rong, 53, joined our subsidiary, Kin Xin Engineering as General Manager on 10 May 2013. He is responsible for the day to day operations, process implementation, projects management, purchasing cost control, project tendering and human resource planning.

Before joining us, Mr. Deng was the deputy managing director at Great Resources M&E Contractor Pte. Ltd. Mr. Deng has 22 years of working experience in the building construction field especially in M&E services, including system design, site installation and project management. Prior to his arrival to Singapore in 1992, he was a lecturer in Shanghai Mechanical Institution for seven years.

Mr. Deng holds a bachelor's degree in mechanical engineering from Tong Ji University in 1984.

Jin Changsheng, 39, is our Assistant Contracts Manager and is responsible for sourcing new contracts and tenders, as well as performing tender analysis and evaluation. Mr. Jin joined our subsidiary, Kin Xin Engineering, as a Project Engineer in 2005 where he was responsible for worksite co-ordination, liaising with suppliers, contractors and consultants, conducting inspection and testing, and preparing variation orders and progress claims. He was promoted to his current position in 2010.

Mr Jin started his career in 1998 with Shenyang No. 1 Tools Machine Co. (China) as an assistant design engineer where he assisted in the design of tools machine. He joined Comfort Management Pte Ltd in 2000 where he worked as an assistant service engineer and was responsible for the preparation of operation and maintenance schedules and quotation for repair or additional works, as well as the operation, maintenance, trouble shooting and servicing of commercial and centralized air-conditioning systems, cooling towers and ACMV systems.

Mr Jin holds a bachelor's degree in engineering from Shenyang University in 1998.

Jean Chu Kee Yong, 40, our Acting General Manager and Assistant Operations Manager, joined our Group in 2005 and is primarily responsible for the coordination of the sale of ACMV ducts, which involves the registration of orders from customers to production planning for our subsidiary, Libra Engineering.

Ms Chu had gained broad-based experience in marketing, sales co-ordination and production planning at various companies. From 1995, Ms Chu was with Royal Sporting House (M) Sdn Bhd, heading its display department. In 1999, she joined Alltrade Industrial & Motor Supplies as an administrative clerk, and in 2000, she joined Sin Star Hou Engineering Pte Ltd as a planner assistant where she was responsible for the daily production planning. Ms. Chu had gained experience in the area of sales coordination by working as a sales coordinator at Kee Song Poultry and Superfix (Singapore) Pte Ltd from 2001 to 2005.

Ms Chu holds a diploma in graphic design from the Malaysian Institute of Art.

Corporate Information

Board of Directors
Chu Sau Ben
(Executive Chairman and Chief Executive Officer)
Chua Siong Kiat, Alex
(Executive Director and Chief Financial Officer)
Yuen Sou Wai *(Lead Independent Director)*
Eng Meng Leong *(Independent Director)*
Kong Chee Keong *(Independent Director)*

Audit Committee
Yuen Sou Wai *(Chairman)*
Eng Meng Leong
Kong Chee Keong

Nominating Committee
Eng Meng Leong *(Chairman)*
Yuen Sou Wai
Kong Chee Keong

Remuneration Committee
Kong Chee Keong *(Chairman)*
Yuen Sou Wai
Eng Meng Leong

Company Secretary
Gwendolyn Gn Jong Yuh *(LLB Hons)*

Registered Office
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Website : www.libragroup.com.sg

Company Registration Number
201022364R

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Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: **Philip Ng**
(Date of appointment: since financial year ended 31 December 2013)

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Singapore 049705

Share Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00
Singapore 068898

Bankers
Malayan Banking Berhad
Standard Chartered Bank
United Overseas Bank Limited
The Hong Kong and Shanghai Banking Corporation
DBS Bank Limited

Financial Contents

Corporate Governance Report

The Board of Directors (the "**Board"**) of Libra Group Limited (the "**Company**") and together with its subsidiaries (the "**Group**") recognise the importance of and are committed to achieving a high standard of corporate governance within the Group. The Company continues to evaluate and to put in place effective self-regulatory corporate practices to protect its shareholders' interests and enhance long-term shareholders' value.

Rule 710 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Rules of Catalist**") requires an issuer to outline the corporate governance practices adopted by the Company as set out in the revised Code of Corporate Governance issued on 2 May 2012 (the "**Code**"), which supersedes the Code issued in July 2005. This report describes the Company's corporate governance processes and structures that were in place throughout the financial year ended 31 December 2013 ("**FY2013**"), with specific reference made to the principles and guidelines of the Code.

1. BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The primary function of the Board is to protect shareholders' interests and enhance long-term shareholders' value and returns.

Besides carrying out its statutory duties and responsibilities, the Board performs the following functions:

- provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables the identification, assessment and management of risks;
- review management performance;
- set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are met;
- approve major investment funding and major increase/decrease in a subsidiary company's capital;
- approve the nomination of Directors to the Board; and
- oversee the business conduct of the Company and assume responsibility for the Group's corporate governance.

The Board is of the view that it has taken objective decisions in the interests of the Company.

The Board is also assisted by the Board committees, in the execution of its responsibilities, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"), and the Risk Committee, which have been established and delegated certain functions. If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee or the Risk Committee, such delegation will be disclosed. These Board Committees and the Risk Committee operate within clearly defined terms of reference and operating procedures and these terms of reference and operating procedures are reviewed on a regular basis. Further details of the scope and functions of the various committees are provided under the sections on Principles 4, 5, 7, 11, 12 and 13 of this report.

The Board meets regularly, with at least two (2) scheduled meetings within each financial year, to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Directors are provided with complete, adequate information in a timely manner, including half-yearly management reports and all relevant information on material events and transactions, to enable them to be fully cognisant of the decisions and actions of the Group's management. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues and are normally circulated in advance of each meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be adequately briefed before each meeting. Ad-hoc meetings are convened as and when deemed necessary.

Matters which are specifically reserved for the Board's approval are those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and dividends, the appointment, termination and compensation of Executive Directors, the annual purchasing budget and financial results and corporate strategies.

The Company's Articles of Association provide for Board meetings to be conducted by means of tele-conferences, video-conferencing, audio visual or other electronic means of communication.

For the financial year under review, the number of Board and Board Committee meetings held and the attendance of each Director were as follows:

Directors' attendance at Board and Board Committee Meetings								
	Board Meetings		**Audit Committee Meetings**		**Nominating Committee Meeting**		**Remuneration Committee Meeting**	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Chu Sau Ben	3	3	4	4[1]	2	2[1]	1	1[1]
Chua Siong Kiat, Alex[2]	-	-	-	-	-	-	-	-
Yuen Sou Wai	3	3	4	4	2	2	1	1
Eng Meng Leong	3	3	4	4	2	2	1	1
Kong Chee Keong[3]	2	2	2	2	1	1	-	-
Dr Philip Tan Meng Ngee[4]	*1*	*0*	*2*	*1*	*1*	*0*	*1*	*0*
William Lee Kay Choon[5]	*3*	*3*	*4*	*3*[1]	*2*	*1*[1]	*1*	*1*[1]
Dr Zhang Jian[6]	-	-	-	-	-	-	-	-

Notes:

1. by invitation
2. Mr Chua Siong Kiat, Alex was appointed to the Board on 18 November 2013. There were no Board, AC, RC and NC meetings between 18 November 2013 and 31 December 2013.
3. Mr Kong Chee Keong was appointed to the Board on 24 April 2013. He was also appointed as the Chairman of the RC and a member of the NC and AC with effect from 24 April 2013. There were 2 Board meetings, 2 AC meetings, 1 NC meeting and no RC meetings held between 24 April 2013 and 31 December 2013.
4. Dr Phillip Tan Meng Ngee had retired from the Board and accordingly, also ceased to be a member of the AC and NC and the Chairman of the RC with effect from 24 April 2013. There were 1 Board meeting, NC meeting and RC meeting, and 2 AC meetings, held between 1 January 2013 and 23 April 2013.
5. Mr William Lee Kay Choon resigned from the Board with effect from 18 November 2013. There were 3 Board meetings, 4 AC meetings, 2 NC meetings and 1 RC meeting held between 1 January 2013 and 17 November 2013.
6. Dr Zhang Jian was appointed to the Board on 18 November 2013 and had resigned from the Board with effect from 18 February 2014. There were no Board, AC, RC and NC meetings between 18 November 2013 and 31 December 2013.

All Directors are provided with regular updates on changes in the relevant laws and regulations and changes in company policies, risk management and accounting standards to enable them to make well-informed decisions and to ensure that they are competent in carrying out their expected roles and responsibilities.

The Company will ensure that incoming and newly appointed Directors are given guidance and orientation (which may include management presentations) to allow the Directors to understand the Group's business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group's local and overseas places of operation will be arranged. Upon appointment, the Directors will also be provided with formal letters, setting out their duties and obligations. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.

In addition, continuous and on-going training programmes are made available to the Directors, including courses on directors' duties and responsibilities as well as seminars and talks on relevant subject fields. Such training will be arranged and funded by the Company.

The Directors are conscious of the importance of their continuing education in areas such as legal and regulatory responsibilities and accounting issues, and will regularly update and refresh themselves on matters that may affect their performance as a Board, or as a Board Committee member. Accordingly, further training for Directors will extend to relevant new laws, regulations and changing commercial risks from time to time.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this report, the Board comprises five (5) Directors, out of which three (3) are Independent Directors and the other two (2) are Executive Directors:

Chu Sau Ben	*Executive Chairman and Chief Executive Officer*
Chua Siong Kiat, Alex	*Executive Director and Chief Financial Officer*
Yuen Sou Wai	*Lead Independent Director*
Eng Meng Leong	*Independent Director*
Kong Chee Keong	*Independent Director*

Guideline 2.2 of the Code recommends that, where the Executive Chairman and the Chief Executive Officer ("**CEO**") are the same person, the independent directors should comprise at least half of the Board. As the Independent Directors comprise more than half of the Board, the requirement under Guideline 2.2 of the Code is satisfied. The Board has also complied with the requirements of the Code that at least one third of the Board comprises independent directors. The Independent Directors chair all the Board Committees, which play a pivotal role in supporting the Board.

The NC reviews and determines the independence of each Director annually. The NC adopts the Code's definition of what constitutes an independent director in its review. The NC also relies on the declaration form completed by each Director disclosing the required information, for its review. The Board considers an independent director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs with a view to the best interests of the Company. The Independent Directors, namely Mr Eng Meng Leong, Mr Yuen Sou Wai and Mr Kong Chee Keong, have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. The NC has reviewed and determined that the Independent Directors are independent.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Group's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning.

The NC considers the Board's present size adequate for effective decision-making, taking into account the nature and scope of the Group's operations. As the Group's activities continue to grow, the NC will continuously review the composition and size of the Board on an annual basis to ensure that it will have the necessary competencies for effective decision-making.

The Non-Executive Directors constructively challenge and help develop proposals on strategy and also review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They meet regularly on their own without the presence of management.

There is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board notes that there should be a clear division of responsibilities between the leadership of the Board and the management. During FY2013, Mr William Lee Kay Choon had served as CEO from 1 January 2013 to 17 November 2013, and Dr Zhang Jian had served as CEO from 18 November 2013 to 31 December 2013. Mr Chu Sau Ben had been the Executive Chairman of the Board during the same period. Accordingly, the Chairman and CEO were separate persons during FY2013, as recommended by the Code.

Dr Zhang Jian has resigned from the Board and as CEO with effect from 18 February 2014. In view of Mr Chu Sau Ben's appointment as the CEO of the Company on 18 February 2014 in addition to his responsibilities as Executive Chairman of the Board following the resignation of Dr Zhang Jian, Mr Yuen Sou Wai has been appointed as the Lead Independent Director of the Company, pursuant to the recommendations of Guideline 3.3 of the Code. In accordance with the recommendations of the Code, the Lead Independent Director will be available to address the concerns of the shareholders in the event that contact through the normal channels of the Executive Chairman and CEO cannot satisfactorily resolve their concerns or where such contact of communications is considered inappropriate. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence.

The Chairman and CEO's duties include:

- leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
- ensuring accurate, timely and clear information flow to Directors;
- ensuring effective shareholder communication;
- encouraging constructive relations between the Board and management;
- facilitating effective contribution of Non-Executive Directors;
- encouraging constructive relations between Executive Directors and Non-Executive Directors;
- promoting high standards of corporate governance; and

- overseeing all key aspects of the Group's operations, including the tendering process of projects and is responsible for identifying and securing new projects for the Group.

The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three (3) Independent Non-Executive Directors, namely Mr Eng Meng Leong (Chairman of the NC), Mr Yuen Sou Wai and Mr Kong Chee Keong. The Lead Independent Director is also a member of the NC.

The principal functions of the NC, which are regulated by written terms of reference and undertaken by the NC during the financial year under review, are as follows:

- reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of a Director;
- recommending to the Board in respect of its review of Board succession plans for Directors, training and professional development programs for the Board and the process for evaluation of the performance of the Board, its Board committees and Directors;
- establishing and reviewing the terms of reference for the NC;
- re-nominating Directors for re-election in accordance with the Articles of Association of the Company at each annual general meeting of the Company ("**AGM**");
- determining annually, the independence of Directors;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the number of his listed company board representations and other principal commitments;
- deciding the assessment process and implementing a set of objective performance criteria for evaluation of the Board's performance; and
- evaluating the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted.

The process for the selection and appointment of new Directors, which is led by the NC, is as follows:

a) evaluating the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with Board, preparing a description of the role and the essential and desirable competencies for a particular appointment;

b) where necessary, external help may be sought to source for potential candidates. The Board and management may also recommend suitable candidates for appointment;

c) meetings with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required; and

d) making recommendations to the Board for approval.

Corporate Governance Report

Under the Articles of Association of the Company, at each AGM, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) are required to retire from office by rotation. All Directors (except for a chief executive officer or managing director who may be appointed for a term of up to three (3) years) are required to retire at least once in three (3) years. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, level of preparedness, participation and candour of such Directors although re-nomination or replacement does not necessarily reflect the Directors' performance or contributions to the Board.

The NC recommended to the Board that Mr Chu Sau Ben be nominated for re-election at the forthcoming AGM, in accordance with Article 93 of the Company's Articles of Association. In making the recommendation, the NC has considered the Director's overall contribution and performance. The NC also recommended to the Board the nomination of Mr Chua Siong Kiat, Alex, and Mr Kong Chee Keong for re-appointment at the forthcoming AGM, in accordance with Article 92 of the Company's Articles of Association.

Mr Chu Sau Ben will, upon re-appointment as a Director of the Company, remain as the Executive Chairman and CEO of the Company.

Mr Chua Siong Kiat, Alex will, upon re-appointment as a Director of the Company, remain as the Executive Director and Chief Financial Officer ("**CFO**") of the Company.

Mr Kong Chee Keong will, upon re-appointment as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Kong Chee Keong is considered independent for the purpose of Rule 704(7) of the Rules of Catalist.

All Directors are required to declare their board representations. The NC determines annually whether a Director with multiple board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of each individual Director and the respective Directors' actual conduct on the Board in making the determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties, notwithstanding their multiple board representations in other listed companies.

Information on the interests of Directors who held office at the end of the financial year under review in shares, debentures and share options in the Company and in related corporations (other than the wholly-owned subsidiaries) are set out in the Report of the Directors on page 29 of this Annual Report. Key information regarding the Directors is presented on pages 4 to 5 of this Annual Report. The Directors' appointment date and their present and past three years' directorship in other listed companies are as follows:

Name of Director	Appointment	Date of initial appointment	Date of last re-election	Directorships in other listed companies	
				Current	Past 3 Years
Chu Sau Ben	Executive Chairman and *(w.e.f 18 February 2014)* CEO	20 October 2010	23 April 2012	-	-
Chua Siong Kiat, Alex	Executive Director and CFO	18 November 2013	-	-	-
Yuen Sou Wai	Independent Director	4 October 2011	23 April 2012	(1) Chew's Group Limited (2) YHI International Limited	-
Eng Meng Leong	Independent Director	4 October 2011	23 April 2012	3Cnergy Limited	Kreuz Holdings Limited
Kong Chee Keong	Independent Director	24 April 2013	-	-	-
Dr Zhang Jian	Executive Director, President and CEO *(resigned w.e.f. 18 February 2014)*	18 November 2013	-	-	-

The NC has not established a maximum number of listed company board representations which Directors may hold, as it believes that any maximum number established is unlikely to be representative of the participation, commitment and skills and expertise that a Director may contribute to the Board and its overall effectiveness. As such, the NC has determined that it shall regularly review the listed company board representations and other principal commitments of each Director. The NC shall periodically consider if a maximum threshold should be established when necessary.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has implemented a formal board evaluation process to be carried out annually to assess the effectiveness of the Board as a whole and its Board committees and the contribution of each individual Director, including the Chairman, to the effectiveness of the Board. The objective of the annual evaluation is to identify areas for improvement and to implement appropriate action.

The areas of assessment focused on:

a) the Board's conduct of meetings;

b) the Board's review of corporate strategy and planning;

c) risk management and internal control;

d) measuring and monitoring performance;

e) recruitment and evaluation;

f) compensation for Board members and key management personnel;

g) succession planning;

h) financial reporting; and

i) communication with shareholders.

For the financial year under review, a Board evaluation was conducted whereby Directors completed self-assessment checklists based on the above areas of assessment and which sets out their views on various aspects of Board performance, such as Board composition, information, process and accountability and the overall effectiveness of the Board. Factors considered include the suitability of the size of the Board for effective debate and decision-making, competency mix of Directors and regularity of meetings. The results of these checklists were considered by the NC. The NC Chairman acts on the results of the performance evaluation, and in consultation with the NC, proposes to the Board, where appropriate, for new members be appointed to the Board or to seek the resignation of Directors.

The NC has assessed the performance of the current Board's overall performance during the financial year under review, and is of the view that the performances of the Board as a whole, and the Chairman, have been satisfactory. No external facilitator was used in the evaluation process.

The NC will continue to review the formal assessment processes for evaluating the Board and each Board Committee's performance, as well as the contribution of individual Directors to the effectiveness of the Board and their relevant Board Committees. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his re-nomination as Director.

PRINCIPLE 6: ACCESS TO INFORMATION

To assist the Board in fulfilling its responsibilities, Directors are provided with board papers for proposals and are given regular management information prior to each Board meeting and at such other times as necessary so as to enable them to make informed decisions to effectively discharge their duties and responsibilities. Information provided to the Board includes background information relating to the matters to be brought before the Board. Relevant information on material events and transactions are also circulated to Directors as and when they arise. The Board also receives regular reports pertaining to the operational and financial performance of the Group, and may request from the management such other additional information as may be necessary to be provided.

The Directors have separate and independent access to the management as well as the Company Secretary at all times.

The Company Secretary attends all Board and Board Committee meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), the Rules of Catalist and other applicable governance requirements. The minutes of the Board and various Board Committees are circulated to the Board for information. The Company Secretary works with management to ensure good information flows within the Board and Board Committees and between management and Non-Executive Directors.

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

Where the Directors, either individually or collectively, in the furtherance of their duties, require professional advice, the Company's management will assist them in obtaining the relevant independent professional advice at the Company's expense.

2. REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three (3) Independent Non-Executive Directors, namely Mr Kong Chee Keong (Chairman of the RC), Mr Yuen Sou Wai and Mr Eng Meng Leong.

Under its written terms of reference, the RC recommends a framework of remuneration policies for the Directors and key management personnel and reviews the specific remuneration packages and terms of employment for each Executive Director and key management personnel to the Board. The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind and if necessary, with independent and objective expert advice inside and/or outside the Company. The Company sets remuneration packages which will be able to attract, retain and motivate Directors and the key management personnel without being excessive, thereby maximising shareholders' value. The RC also performs an annual review of the remuneration of employees related to the Directors and substantial shareholders 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, and reviews the Company's obligations arising in the event of the termination of an Executive Director or key management personnel's contract of service. The RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board.

Each member of the RC will abstain from voting and discussion on any resolutions in respect of his or her own remuneration package.

In setting the remuneration packages, the Company considers the remuneration and employment conditions within the industry. The expenses arising from external professional advice (if any) shall be borne by the Company. No remuneration consultants were engaged by the Company during FY2013.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise.

The Company adopts a remuneration policy for key management personnel comprising fixed and variable components. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus which is linked to individual's performance which is assessed based on their respective key performance indicators, such as project commercial performance, quality of work, progress control, safety control and customer relationships. These key performance indicators were chosen because they provide comprehensive evaluation parameters on their overall performance. Appraisals of the performance of key management personnel are conducted once a year. The key management personnel had met their respective key performance indicators in respect of FY2013.

The Executive Directors do not receive Directors' fees. The corporate and individual performance-related elements of remuneration are designed to align interests of Executive Directors with those of the shareholders in order to promote the long-term success of the Company. Under the service agreements entered into between each Executive Director and the Company, each of the Executive Directors shall be entitled to a discretionary bonus depending on his performance in each financial year. The Executive Directors will also receive a bonus which is equivalent to a percentage of the Group's profit before tax if it exceeds the target set in respect of the financial year. The Executive Directors had met the performance condition(s) in respect of FY2013. There are no termination, retirement and post-employment benefits that may be granted to the Directors and key management personnel.

Independent Directors will receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and the responsibilities of such Directors. Such fees are pro-rated if the Directors serve for less than one (1) year. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at each AGM.

The Company has in place the Libra Performance Share Plan (the "**Performance Share Plan**"), which is administered by the RC. The RC reviews whether Executive Directors and management of the Company should be eligible for benefits under such long-term incentive schemes, based on factors such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) determined for a particular performance period, and considers the costs and benefits of such long-term incentive schemes. Details of the Performance Share Plan were set out in the Company's Offer Document dated 2 November 2011.

There were no share awards granted to any person pursuant to the Performance Share Plan during FY2013. Further information on the Performance Share Plan were set out in the Company's offer document dated 2 November 2011.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

(i) The bands and breakdown of the remuneration received by the Directors and the top five key management personnel during FY2013 are as follows:

	Salary %	Variable Bonus %	Director's Fees %	Benefits %	Total %
(a) Directors					
Between S$250,000 to S$500,000					
Chu Sau Ben	87	13	-	-	100
Below S$250,000					
Chua Siong Kiat, Alex(1)	100	-	-	-	100
Yuen Sou Wai	-	-	100	-	100
Eng Meng Leong	-	-	100	-	100
Kong Chee Keong(2)	-	-	100	-	100
William Lee Kay Choon(3)	87	13	-	-	100
Dr Zhang Jian(4)	100	-	-	-	100
Dr Philip Tan Meng Ngee(5)	-	-	100	-	100
(b) Top Five Key Management Personnel					
Below S$250,000					
Deng Rong	100	-	-	-	100
Dr Zhang Jian(6)	100	-	-	-	100
Lam Kee Shing(7)	87	13	-	-	100
Thia Meng Chng(8)	91	9	-	-	100
Ti Tiong Kwee(9)	89	11	-	-	100

Notes:

1. Mr Chua Siong Kiat, Alex was appointed to the Board on 18 November 2013.
2. Mr Kong Chee Keong was appointed to the Board on 24 April 2013.
3. Mr William Lee Kay Choon had resigned from the Board and the Group with effect from 18 November 2013. Prior to his resignation, he had served as an Executive Director and the CEO of the Company.
4. Dr Zhang Jian was appointed to the Board on 18 November 2013 and had resigned from the Board with effect from 18 February 2014.
5. Dr Phillip Tan Meng Ngee had retired with effect from 24 April 2013.
6. Dr Zhang Jian had served as Business Consultant between 1 June 2013 and 17 November 2013 prior to his appointment to the Board on 18 November 2013. He has since resigned from the Group with effect from 18 February 2014.
7. Mr Lam Kee Shing has resigned from the Group with effect from 15 March 2014.
8. Ms Thia Meng Chng has resigned from the Group with effect from 30 June 2013.
9. Mr Ti Tiong Kwee has resigned from the Group with effect from 1 March 2014.

The Executive Chairman and/or CEO are entitled to Company-maintained cars for business use as stipulated in the Company's Car Policy and approved by the RC and the Board.

To maintain confidentiality of the remuneration policies of the Company, and for competitive reasons, the remuneration of Directors is disclosed in bands.

The aggregate amount of the total remuneration paid to the top five key management personnel (who are not a Director or CEO) was S$567,590 in FY2013.

(ii) The employees who are family members of a director or the CEO and who received remuneration in excess of S$50,000 during FY2013 are as follows:

Name of Employee	Salary %	Variable Bonus %	Benefits %	Total %
<u>Between S$50,000 and S$100,000</u>				
Chu Kee Yong	88	12	-	100
Chu Fai Fong	90	10	-	100

Ms Chu Kee Yong, who is the Assistant Operations Manager of the Company, is the sister of the Executive Chairman and CEO, Mr Chu Sau Ben. Ms Chu Fai Fong, who is the Assistant Vice President - Credit Control of the Company, is the sister of the Executive Chairman and CEO, Mr Chu Sau Ben.

3. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board is responsible for presenting to shareholders a balanced and clear assessment of the Group's performance, position and prospects.

The Board has embraced openness and transparency in the conduct of the Group's affairs, whilst preserving the interests of the Group.

The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory requirements and the Rules of Catalist.

By presenting the annual financial statements, half-year and full-year results announcements to shareholders, the Board aims to provide the shareholders with a balanced and comprehensive assessment of the Group's financial position, performance and prospects.

The management provides the Board with the half-yearly management accounts that keep the Board informed of the Group's position, performance and prospects. The half-yearly management accounts consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit with variance analyses.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is committed to maintaining a robust and effective system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The Board recognises the importance of sound internal controls and risk management practices to good corporate governance.

In November 2012, the Company had commissioned BDO LLP to conduct and implement an Enterprise Risk Management exercise for the Group. The Company had since formed the Risk Committee which comprises management members of the Company and the CFO, who also sits as the Chief Risk Officer ("**CRO**").

The Risk Committee assumes the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Company's risk management systems and procedures. The Risk Committee will assess and review the Group's business and operational environment in order to identify areas of significant business and financial risks such as credit risks, foreign exchange risks, liquidity risks, interest rate risks, as well as, appropriate measures to control and mitigate these risks. The Risk Committee will report all significant or material findings to the AC and the Board, for its review and consideration.

The effectiveness of the risk management and internal control system and procedures is monitored by the Risk Committee and will be reviewed by the Board and AC on an on-going basis. The AC reviews on an annual basis the adequacy of the Company's internal financial controls, operational, compliance and information technology controls, risk management policies and systems established by the management. The system of internal controls and risk management controls established by the Company are designed to manage, rather than eliminate the risk of failure in achieving the Company's strategic objectives. The management is involved in regular reviews of the risks that are significant to the fulfilment of these objectives. The management has sought to inculcate the risk management process and internal controls measures and principles into all business operating procedures, such as through control self-assessment programmes, where it becomes ultimately the responsibility of all business and operational managers to senior management. All identified areas of risks are promptly addressed by the key management personnel who will determine and implement appropriate measures to control and mitigate such risks. However, it should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee against material misstatement or loss.

The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The CFO (who also sits as the CRO), and the CEO, have confirmed the adequacy and effectiveness of the internal controls to the Board and the AC.

The Board has received the assurance from the CEO and the CFO that the Group's financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances. The CEO and the CFO have regularly reviewed and appraised the effectiveness of the Group's internal control and risk management systems. The CEO and the CFO have confirmed the effectiveness of the internal control systems to the Board and the AC, and will regularly update the AC and the Board on the Company's internal controls and risk management systems during meetings of the AC and the Board.

Based on the framework of risk management control and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and the various Board Committees and the Risk Committee, and the aforementioned assurance provided by the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls that has been maintained by the management was adequate to address the financial, operational, compliance and informational technology risks of the Group in its current business environment during FY2013.

The Board notes that the system of internal controls is designed to manage, rather than to eliminate, the risk of failure in achieving business objectives. It can only provide reasonable but not absolute assurance against any material misstatement or loss.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three (3) Independent Non-Executive Directors, namely Mr Yuen Sou Wai (Chairman of the AC), Mr Eng Meng Leong and Mr Kong Chee Keong.

All members of the AC have extensive management and financial experience. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibilities in the AC.

The AC has full access to, and cooperation from the management, and has full discretion to invite any Director, executive officer or other persons to attend its meetings. It may require any such Director, officer or other person in attendance to leave the proceedings (temporarily or otherwise) to facilitate open discussion.

The duties and responsibilities of the AC are contained in written terms of reference, which are mainly to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management.

During the financial year under review, the AC performed the following key functions (among other duties) in accordance with its written terms of reference:

- establishing and reviewing the terms of reference for the AC;
- recommending to the Board, the appointment or re-appointment of the external auditors;
- reviewing the Group's half-year and full-year financial statements and related notes and announcements relating thereto, accounting principles adopted, and the external auditors' reports prior to recommending to the Board for approval;
- monitor and review the scope and results of external audit and its cost-effectiveness, and the independence and objectivity of the external auditors;
- reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;
- reviewing and evaluating, having regard to input from external and internal auditors, the adequacy of the system of internal controls and compliance functions, including financial, operational, compliance and information technology controls, for recommendation to the Board;
- reviewing any significant financial reporting issues and judgements and estimates made by the management, so as to ensure the integrity of the financial statements of the Company;
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations (if any), which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- review the adequacy of the whistle-blowing policy;

- monitoring and reviewing the effectiveness of the Company's internal audit functions and its adequacy and effectiveness; and

- reviewing the interested person transactions falling within the scope of Chapter 9 of the Rules of Catalist reported by the management to ensure that they were carried out on normal commercial terms and are not prejudicial to the interests of shareholders.

The AC also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice as and when required at the Company's expense.

The AC met up with external and internal auditors, without the presence of the management once during the financial year. The minutes of the AC meetings are submitted to the Board for information and review with such recommendations as and when the AC considers appropriate.

The members of the AC shall also take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements as and when it, or the Board or NC, deems necessary and appropriate. The external auditors provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC has reviewed the non-audit services provided by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment at the forthcoming AGM.

The Company confirms that it is in compliance with Rules 712 and 715 of the Rules of Catalist in relation to its external auditors.

Whistle-blowing policy

The Company has adopted a whistle-blowing policy (the "**Policy**"). The Policy is intended to conform to the guidance set out in the Code which encourages employees and any other persons to raise concerns, in confidence, about suspected improprieties in matters relating to financial reporting or other matters to the AC. It aims to deter wrongdoing and promote standards of good corporate practices and provide an avenue for employees and also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

The AC oversees the administration of the Policy. Periodic reports will be submitted to the AC stating the number and the nature of the complaints received, the results of the investigations, follow-up actions taken and the unresolved complaints.

There were no complaints received up to the date of this report.

PRINCIPLE 13: INTERNAL AUDIT

For FY2013, the Company has outsourced the internal audit function to a qualified public accounting firm, BDO LLP ("**BDO**"), which has unrestricted direct access and reports directly to the AC on audit matters and the Executive Chairman on administrative matters. The objective of the internal audit function is to determine whether the Group's risk management, internal control and governance processes, as designed by the Company are functioning in the intended manner.

The internal audit plans are approved by the AC, with the outcome of the internal audit presented to and reviewed by the management, the AC and the Board.

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the system of internal controls, the AC is satisfied that the internal audit is effective, adequately resourced and has the appropriate standing within the Group. The AC will also oversee and monitor the implementation of improvements required on internal control weaknesses identified. The AC will review annually the adequacy and effectiveness of the Group's internal audit function.

The annual conduct of audit by the internal auditors assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

The internal auditors have submitted a report which includes observations from their work highlighted below:

- review the effectiveness of the internal controls of the Company and its subsidiaries;
- determine that key operational weaknesses are identified and managed;
- perform sample tests of internal controls in place and are functioning as intended; and
- ascertain if operations are conducted in an effective and efficient manner.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 15: SHAREHOLDER RIGHTS

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15: SHAREHOLDER PARTICIPATION

The Board believes in regular and timely communication with shareholders as part of the organisation development to build systems and procedures that will enable the Group to operate in a transparent manner.

In line with the continuous disclosure obligations of the Company, pursuant to the Rules of Catalist and the Companies Act, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis on all material developments that will impact the Group and/or the price or value of the Company's shares.

Communication with shareholders is managed by the Board. All announcements are released via SGXNET including the half-year and full-year financial results, distribution of notices, press releases, analyst briefings, presentations, announcement on acquisitions and other major developments. Price sensitive information to shareholders is publicly released on an immediate basis where required under the Rules of Catalist. All shareholders will receive the annual report which will also be made available on the SGXNET.

The Board supports the Code's principle to encourage shareholder participation at the AGM. The Board encourages shareholders to attend the AGM to ensure a greater level of shareholders' participation and to meet with the Board and key management so as to stay informed of the Group's developments. All shareholders of the Company receive the notice of the AGM. The notice is also advertised in the newspaper and made available on the SGX-ST's and the Company website. At the AGM, shareholders will be given the opportunity to raise issues and direct questions regarding the Group to the Directors or the management.

The Directors, including the chairman of each of the Board Committees, and the Management as well as external auditors will be present at the AGM to address shareholders' queries. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf. There is no provision in the Company's Articles of Association that limits the number of proxies for nominee companies. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company will practise having separate resolutions at a general meeting on each distinct issue. "Bundling" of resolutions will be kept to a minimum and will be done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved.

The Company will record minutes of all general meetings and will make available the minutes of general meetings to shareholders upon request.

Dividend Policy

The Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial position, results of operations, capital requirements, cash flow, general business condition, the Group's development plans and other factors as the Directors may deem appropriate.

For FY2013, the Board has proposed a first and final dividend of 0.30 Singapore cents per share at the forthcoming AGM for shareholders' approval.

MATERIAL CONTRACTS

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman and CEO or any Directors or controlling shareholders subsisting as at the end of FY2013 or if not then subsisting, entered into since the end of the previous financial year.

DEALING IN SECURITIES

In line with Rule 1204(19) of the Rules of Catalist, the Group has adopted a policy with respect to dealings in securities by the Directors, the Management and officers of the Group. The Directors, the management and officers of the Group are prohibited from dealing in the Company's shares while in possession of unpublished price-sensitive information and on short-term considerations. All Directors, the Management and officers of the Group are also prohibited from dealing in the securities of the Company for a period of one (1) month prior to the release of the half-year and full-year financial results of the Company and ending on the date of the announcement of such results. In addition, Directors, the Management and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

NON-SPONSOR FEE

The continuing sponsor of the Company is PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

There was no non-sponsor fee paid to the Sponsor in FY2013.

AUDIT AND NON-AUDIT FEES

The aggregate amount of fees paid to our Company's external auditors, Ernst & Young LLP, broken down into audit and non-audit services during FY2013 are as follows:

Annual audit fees	: S$83,000
Non-audit fees in relation to tax services	: S$12,000

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length basis and will not be prejudicial to the interests of the Company and its shareholders.

Save for the on-going IPTs that are subsisting since the Company's listing on 15 November 2011 as tabulated in the table below, there were no other IPTs entered into by the Company during FY2013.

Financial Institution	Personal Guarantee provided by	Nature	Aggregate amount guaranteed S$'000	Outstanding amount as at 31 December 2013 S$'000
EQ Insurance	Chu Sau Ben and William Lee Kay Choon	Performance bond	178	178
China Taiping Insurance	Chu Sau Ben and William Lee Kay Choon	Performance bond	79	79
ORIX Capital Limited	Chu Sau Ben and William Lee Kay Choon	Term loan facility	250	8
ETHOZ Capital Ltd	Chu Sau Ben and William Lee Kay Choon	Term loan facility	250	38
SHC Capital Limited	Chu Sau Ben and William Lee Kay Choon	Performance bond	20	20
Liberty Insurance	Chu Sau Ben and William Lee Kay Choon	Performance bond	209	209

The Group does not have a general mandate pursuant to Rule 920 of the Rules of Catalist from shareholders for IPTs.

Further to Mr William Lee Kay Choon's resignation from the Board and the Group with effect from 18 November 2013, the Company shall take such steps necessary to ensure his discharge from any transactions that he has with the Company. As at the date of this report, Mr William Lee Kay Choon is a substantial shareholder of the Company.

Corporate Governance Report

USE OF IPO PROCEEDS UPDATE

Pursuant to the IPO, the Company received total proceeds of S$5,330,000 and as at the date of this report, the Company has utilised the amount as follows:

	Amount allocated pursuant to the Reallocation(1) (A)	Amount utilised as at date of this report (B)	Balance amount (A) – (B)
	S$'000	**S$'000**	**S$'000**
Intended use as revised			
Expansion of manufacturing facility in Singapore	300	300	-
Explore opportunities in merger and acquisitions, joint ventures and strategic alliances	300	232	68
Working capital(1) (2)	4,730	4,730(2)	-
TOTAL	5,330	5,262	68

Notes:

1. The Reallocation was announced on 23 January 2014.
2. The proceeds had been used for payment of IPO expenses and for increasing the share capital of the Company's wholly owned subsidiary, Kin Xin Engineering Pte Ltd ("Kin Xin"), and for staff recruitment and payment to suppliers for purchases in Kin Xin.

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Libra 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 2013.

Directors

The Directors of the Company in office at the date of this report are:

Chu Sau Ben
Chua Siong Kiat, Alex
Yuen Sou Wai
Eng Meng Leong
Kong Chee Keong

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 anddebentures

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 share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year/at date of appointment**	**At the end of financial year**	**At the beginning of financial year/at date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Chu Sau Ben	54,400,000	48,680,000	–	5,720,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2014.

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 date of appointment if later, or at the end of the financial year.

Directors' Report

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 31 December 2013, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

Internal controls

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the review conducted, the Board and the AC are of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place are adequate in meeting the current scope of the Group's business operations.

Audit committee

The AC carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational, controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor

Audit committee (cont'd)

- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance on page 23 of this Annual Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Chu Sau Ben
Director

Chua Siong Kiat, Alex
Director

Singapore
27 March 2014

Statement by Directors

We, Chu Sau Ben and Chua Siong Kiat, Alex, being two of the Directors of Libra Group Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results of the business, changes in equity and cash flows of the Group and the 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.

On behalf of the Board of Directors:

Chu Sau Ben
Director

Chua Siong Kiat, Alex
Director

Singapore
27 March 2014

Independent Auditor's Report

For the financial year ended 31 December 2013
To the Members of Libra Group Limited

Report on the financial statements

We have audited the accompanying financial statements of Libra Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 35 to 85, which comprise the balance sheets of the Group and the Company as at 31 December 2013, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

For the financial year ended 31 December 2013
To the Members of Libra Group Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2014

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2013

(Amounts in Singapore dollars)

	Note	2013	2012
		$	$
Revenue	4	31,527,731	28,672,174
Cost of sales		(26,052,717)	(21,303,908)
Gross profit		5,475,014	7,368,266
Other income	5	1,409,981	160,721
Other items of expenses			
Administrative expenses		(6,328,604)	(10,171,767)
Finance costs	6	(385,484)	(273,558)
Profit/(loss) before tax	7	170,907	(2,916,338)
Income tax credit/(expense)	10	205,842	(16,205)
Profit/(loss) net of tax		376,749	(2,932,543)
Attributable to:			
Owners of the Company		520,370	(2,932,543)
Non-controlling interests		(143,621)	–
		376,749	(2,932,543)
Earnings/(loss) per ordinary share (cents per share)			
Basic and diluted	11	0.52	(2.94)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	24	(42,107)	8,073
Total comprehensive income		334,642	(2,924,470)
Attributable to:			
Owners of the Company		478,263	(2,924,470)
Non-controlling interests		(143,621)	–
		334,642	(2,924,470)

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

Balance Sheets
As at 31 December 2013

(Amounts in Singapore dollars)

	Note	Group 2013	Group 2012	Company 2013	Company 2012
		$	$	$	$
Assets					
Non-current assets					
Property, plant and equipment	12	2,258,184	1,330,635	–	–
Non-current assets classified as held for sale	13	–	499,637	–	–
Investment in subsidiaries	14	–	–	11,643,589	9,241,589
Goodwill	14	42,058	–	–	–
		2,300,242	1,830,272	11,643,589	9,241,589
Current assets					
Gross amount due from customers for contract work-in-progress	17	10,041,768	9,153,661	–	–
Inventories	18	1,317,920	701,898	–	–
Prepaid operating expenses		219,264	184,903	7,561	11,134
Trade and other receivables	16	5,995,245	6,289,221	1,205,627	2,559,171
Cash and cash equivalents	19	3,446,120	8,128,654	1,410,663	1,861,163
		21,020,317	24,458,337	2,623,851	4,431,468
Total assets		23,320,559	26,288,609	14,267,440	13,673,057
Equity and liabilities					
Current liabilities					
Gross amount due to customers for contract work-in-progress	17	146,469	–	–	–
Trade and other payables	21	6,112,955	6,892,322	180,723	152,639
Other liabilities	22	1,916,341	1,163,385	179,320	15,320
Loans and borrowings	20	3,877,594	7,377,720	–	–
Income tax payable		36,386	231,558	–	35
		12,089,745	15,664,985	360,043	167,994
Net current assets		8,930,572	8,793,352	2,263,808	4,263,474
Non-current liabilities					
Loans and borrowings	20	368,775	221,366	–	–
Deferred tax liabilities	15	4,577	33,107	–	–
		373,352	254,473	–	–
Total liabilities		12,463,097	15,919,458	360,043	167,994
Net assets		10,857,462	10,369,151	13,907,397	13,505,063

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

Balance Sheets
As at 31 December 2013

(Amounts in Singapore dollars)

	Note	Group 2013	Group 2012	Company 2013	Company 2012
		$	$	$	$
Equity attributable to owners of the Company					
Share capital	23	14,576,304	14,576,304	14,576,304	14,576,304
Foreign currency translation reserve	24	(9,870)	32,237	–	–
Merger reserve		(7,441,589)	(7,441,589)	–	–
Accumulated profits/(losses)		3,722,569	3,202,199	(668,907)	(1,071,241)
		10,847,414	10,369,151	13,907,397	13,505,063
Non-controlling interests		10,048	–	–	–
Total equity		10,857,462	10,369,151	13,907,397	13,505,063
Total equity and liabilities		23,320,559	26,288,609	14,267,440	13,673,057

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

Statements of Changes in Equity

For the financial year ended 31 December 2013

(Amounts in Singapore dollars)

	Attributable to owners of the Company						
	Share capital (Note 23)	Foreign currency translation reserve (Note 24)	Merger reserve	Accumulated profits/ (losses)	Equity Attributable to owner of the Company, Total	Non-controlling interests	Total equity
	$	$	$	$	$	$	$
Group							
2013							
Opening balance at 1 January 2013	14,576,304	32,237	(7,441,589)	3,202,199	10,369,151	–	10,369,151
Profit/(loss) net of tax for the year	–	–	–	520,370	520,370	(143,621)	376,749
Other comprehensive income							
Exchange differences on translating foreign operations	–	(42,107)	–	–	(42,107)	–	(42,107)
Total comprehensive income for the year	–	(42,107)	–	520,370	478,263	(143,621)	334,642
Acquisition of a subsidiary (Note 14)	–	–	–	–	–	153,669	153,669
Closing balance at 31 December 2013	14,576,304	(9,870)	(7,441,589)	3,722,569	10,847,414	10,048	10,857,462
2012							
Opening balance at 1 January 2012	14,576,304	24,164	(7,441,589)	6,134,742	13,293,621	–	13,293,621
Loss net of tax for the year	–	–	–	(2,932,543)	(2,932,543)	–	(2,932,543)
Other comprehensive income							
Foreign currency translation	–	8,073	–	–	8,073	–	8,073
Total comprehensive income for the year	–	8,073	–	(2,932,543)	(2,924,470)	–	(2,924,470)
Closing balance at 31 December 2012	14,576,304	32,237	(7,441,589)	3,202,199	10,369,151	–	10,369,151

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

Statements of Changes in Equity

For the financial year ended 31 December 2013

(Amounts in Singapore dollars)

	Share capital (Note 23)	Accumulated losses	Total equity
	$	$	$
Company			
2013			
Opening balance at 1 January 2013	14,576,304	(1,071,241)	13,505,063
Profit net of tax, representing total comprehensive income for the year	–	402,334	402,334
Closing balance at 31 December 2013	14,576,304	(668,907)	13,907,397
2012			
Opening balance at 1 January 2012	14,576,304	(1,066,171)	13,510,133
Loss net of tax, representing total comprehensive income for the year	–	(5,070)	(5,070)
Closing balance at 31 December 2012	14,576,304	(1,071,241)	13,505,063

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2013

(Amounts in Singapore dollars)

	Note	2013	2012
		$	$
Operating activities			
Profit/(loss) before tax		170,907	(2,916,338)
Adjustments for:			
Depreciation of property, plant and equipment		341,393	261,592
Allowance for doubtful trade receivables, net		628,116	231,058
Write-off of doubtful trade receivables		–	588,007
Impairment of gross amount due from customers for contract work-in-progress		292,951	4,704,921
Gain on disposal of non-current assets classified as held for sale		(210,506)	–
Loss on disposal of property, plant and equipment		98,630	1,119
Finance costs		385,484	273,558
Translation difference		(42,107)	8,073
Total adjustments		1,493,961	6,068,328
Operating cash flows before changes in working capital		1,664,868	3,151,990
Changes in working capital:			
Increase in gross amount due from customers for contract work-in-progress		(1,181,058)	(1,401,584)
Increase/(decrease) in gross amount due to customers for contract work-in-progress		146,469	(5,152)
(Increase)/decrease in inventories		(616,022)	(552,671)
(Increase)/decrease in prepaid operating expenses		(34,361)	281,052
Increase in trade and other receivables		(277,193)	(2,316,765)
(Decrease)/increase in trade and other payables		(802,302)	1,046,897
Increase in other liabilities		740,912	511,980
Total changes in working capital		(2,023,555)	(2,436,243)
Cash flows (used in)/generated from operations		(358,687)	715,747
Interest paid		(385,484)	(260,524)
Income tax paid		(24,343)	(196,373)
Net cash (used in)/generated from operating activities		(768,514)	258,850
Investing activities			
Net cash inflow on acquisition of subsidiary	14	57,993	–
Purchase of property, plant and equipment	12	(826,036)	(168,235)
Proceeds from disposal of property, plant and equipment		299,199	1,200
Proceeds from disposal of non-current assets classified as held for sale		710,145	–
Net cash generated from/(used in) investing activities		241,301	(167,035)
Financing activities			
Proceeds from loans and borrowings		14,254,252	15,725,868
Repayments of loans and borrowings		(18,409,573)	(12,489,828)
Net cash (used in)/generated from financing activities		(4,155,321)	3,236,040
Net (decrease)/increase in cash and cash equivalents		(4,682,534)	3,327,855
Cash and cash equivalents at 1 January		8,128,654	4,800,799
Cash and cash equivalents at 31 December	19	3,446,120	8,128,654

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

1. Corporation information

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

The registered office of the Company is located at 101 Defu Lane 10, Singapore 539222.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 14 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 the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) except when otherwise indicated.

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 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS 113 Fair Value Measurement, FRS 113 has been applied prospectively by the Group on 1 January 2013.

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

Description	**Effective for annual periods beginning on or after**
FRS 110, FRS 111 and FRS 112 *Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities*	1 January 2014
FRS 110, FRS 112 and FRS 27 *Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities*	1 January 2014
INT FRS 120 *Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities*	1 January 2014
INT FRS 121 *Levies*	1 January 2014

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

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

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

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

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

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.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations*

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. 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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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.

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.The accounting policy for goodwill is set out in Note 2.8. 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.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

The consolidated financial statements of the Group have been prepared in accordance with the pooling of interest method as the Group is a continuation of the existing subsidiaries' businesses. The assets and liabilities of the Company and its subsidiaries are reflected at their carrying amounts reported in the consolidated financial statements. Any difference between the consideration and the share capital of the subsidiaries acquired is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the Company and its subsidiaries for the entire periods under review.

2. Summary of significant accounting policies (cont'd)

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, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position separately from equity attributable 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 ***Functional and foreign currency***

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

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in SGD at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates 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 statement*

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 transactions are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to the particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is measured at historical costless impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land at the end of the reporting period.

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

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

	Years
Computer	3
Furniture and fittings	5
Office equipment	5
Renovation	5
Motor vehicles	10
Factory equipment	10
Plant and machinery	10

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. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets*

Goodwill

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2. Summary of significant accounting policies (cont'd)

2.9 *Impairment of non-financial assets (cont'd)*

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.11 *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

The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

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.

2. Summary of significant accounting policies (cont'd)

2.11 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

De-recognition

A financial asset is derecognised 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.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(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 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 (cont'd)

2.12 ***Impairment of financial assets***

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

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 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets 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 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 profit or loss.

To determine whether there is objective evidence that an impairment loss on financial assets has 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 profit or loss.

2.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand.

2. Summary of significant accounting policies (cont'd)

2.14 *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a contract can be estimated reliably.

The outcome of a contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete contract and the stage of completion can be measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on proporation of total contract costs (as defined below) incurred to date to the estiamted cost to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

The Group's contracts are typically negotiated for a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contact or to a group of contracts together in order to reflect the substances of a contract or a group of contracts.

Assets covered by a single contact are treated separately when:

- The separate proposals have been submitted for each asset

- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset

- The costs and revenues of each asset can be identified

A group of contracts are treated as a single contract when:

- The group of contracts is negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin

- The contracts are performed concurrently or in a continuous sequence.

2. Summary of significant accounting policies (cont'd)

2.15 *Contract work-in-progress*

Contract work-in-progress is carried at the net amount of project cost plus attributable profits less recognised losses, net of progress billings and allowance for foreseeable losses. It is presented in the balance sheet as a current asset under "gross amount due from customers for contract work-in-progress" or as a current liability under "gross amount due to customers for contract work-in-progress", if applicable.

Project cost includes material cost, direct labour cost and other project-related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision for anticipated losses on uncompleted contracts is made in the period in which such losses are determined.

Progress billings not yet paid by customers and retentions are included within "trade receivables".

2.16 *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.
- Construction materials: purchase costs on a first-in first-out basis.
- Finished goods 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.

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.

2.17 *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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.18 *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.

2. Summary of significant accounting policies (cont'd)

2.19 ***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 economic 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 each end of the 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.

2.20 ***Employee benefits***

(a) *Defined contribution plans*

The Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

2.21 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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. Summary of significant accounting policies (cont'd)

2.22 ***Non-current assets held for sale***

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.23 ***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. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Construction revenue*

Revenue from construction contracts is recognised using the percentage of completion method when the outcome of the construction contracts can be reliably estimated. Please refer to Note 2.14 to the financial statements for more details.

(b) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of goods to the customer, usually on delivery of goods. 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.

2.24 ***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.

2. Summary of significant accounting policies (cont'd)

2.24 ***Taxes (cont'd)***

(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 accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in 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, 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 accounting profit nor taxable profit or loss; and

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.25 *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 review 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *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.

2.27 *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

2. Summary of significant accounting policies (cont'd)

2.27 ***Contingencies (cont'd)***

(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.

2.28 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

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 could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group has exposure to income taxes. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period were $36,386 (2012: $231,558) and $4,577 (2012: $33,107) respectively.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Useful lives of plant and equipment*

All items of property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of these assets of the Group at the end of each reporting period is disclosed in Note 12 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4.7% (2012: 0.4%) variance in the Group's profit (2012: loss) for the year.

3. Significant accounting estimates and judgements (cont'd)

3.2 *Key sources of estimation uncertainty (cont'd)*

(b) *Construction contracts and revenue recognition*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and the knowledge of the project engineers.

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation of construction and material costs as well as its past experience.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 17 to the financial statements.

(c) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16 to the financial statements.

4. Revenue

	Group	
	2013	**2012**
	$	$
Construction revenue	17,583,455	20,002,441
Sale of goods	13,944,276	8,669,733
	31,527,731	28,672,174

5. Other income

	Group 2013	Group 2012
	$	$
Recovery of bad debts	126,642	–
Write back of contract work-in-progress previously impaired	848,267	–
Gain on disposal of non-current assets classified as held for sale	210,506	–
Sales of scrap materials	168,763	124,728
Government grant	36,940	12,084
Others	18,863	23,909
	1,409,981	160,721

6. Finance costs

	Group 2013	Group 2012
	$	$
Interest expense on:		
- Trust receipts	236,702	140,804
- Obligations under finance leases	40,940	27,011
- Term loans	99,230	73,818
- Factoring charges	8,612	31,925
	385,484	273,558

7. Profit/(loss) before tax

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

	Group 2013	Group 2012
	$	$
Audit fee paid to auditors of the Group	83,000	75,000
Non-audit fees paid to auditors of the Group	18,500	12,000
Depreciation of plant and equipment (Note 12)	341,393	261,592
Personnel expenses including directors' remuneration (Note 8)	7,742,078	6,654,182
Legal expenses	49,877	17,384
Allowance for doubtful trade receivables, net	628,116	231,058
Write-off of doubtful trade receivables	–	588,007
Loss on disposal of property, plant and equipment	98,630	1,119
Gain on disposal of non-current assets classified as held for sales	210,508	–
Impairment of gross amount due from customers for contract work-in-progress	292,951	4,704,921
Operating lease expense (Note 25(a))	1,170,226	1,106,390

8. Employee benefits

	Group 2013	Group 2012
	$	$
Salaries, wages and bonuses	6,002,690	5,360,388
Central Provident Fund contributions	311,926	222,766
Foreign worker levy	862,311	670,840
Medical expenses	30,757	20,038
Accommodation	423,536	296,018
Others	110,858	84,132
	7,742,078	6,654,182

9. Related party transactions

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 on terms agreed between the parties during the financial year:

(a) ***Compensation of key management personnel***

	Group 2013	Group 2012
	$	$
Salaries and bonuses	1,447,304	1,157,000
Central Provident Fund contributions	106,360	104,624
	1,553,664	1,261,624
Comprises amounts paid to:		
Directors of the Company	737,700	647,600
Other key management personnel	815,964	614,024
	1,553,664	1,261,624

(b) ***Personal guarantees by directors***

As at 31 December 2013, certain directors of the Company have provided personal guarantees amounting to approximately $46,000 (2012: $452,000) to secure certain loans and borrowings of the Group as disclosed in Note 20 to the financial statements.

As at 31 December 2013, certain directors of the Company have provided personal guarantees amounting to approximately $486,000 (2012: $486,000) to secure performance bonds of the Group.

As at 31 December 2013, certain directors of the Company have provided personal guarantees amounting to approximately $NIL (2012: $215,000) to secure security bonds for the foreign workers of the Group.

10. Income tax

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 December 2013 and 2012 are:

	Group 2013	Group 2012
	$	$
Consolidated statement of comprehensive income:		
Current income tax		
- Current year income tax expense	–	16,640
- (Over)/under provision of income tax in respect of previous years	(177,312)	34,506
Deferred income tax (Note 15)		
- (Reversal)/origination of temporary differences	(28,530)	(34,941)
Income tax(credit)/expense recognised in profit or loss	(205,842)	16,205

Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax (credit)/expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group 2013	Group 2012
	$	$
Profit/(loss) before tax	170,907	(2,916,338)
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	44,361	(497,177)
Adjustments:		
Non-deductible expenses	59,424	44,477
Income not subject to tax	(57,058)	–
Effect of partial tax exemption and tax deduction	(90,771)	(172,548)
Deferred tax asset not recognised	204,525	606,947
Benefits from previously unrecognised tax loses	(176,530)	–
(Over)/under provision in respect of previous years	(177,312)	34,506
Others	(12,481)	–
Income tax (credit)/expense recognised in profit or loss	(205,842)	16,205

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The corporate income tax rate applicable to the enterprises in Singapore is 17% in 2013 (2012: 17%).

Libra Engineering (Malaysia) is subjected to a tax rate of 25% in 2013 (2012: 25%).

11. Earnings/(loss) per share

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

Diluted earnings/(loss) per share amounts are calculated by dividing profit/(loss) net of tax attributable to owners of the Company (after adjusting for interest expense and fair value loss on derivative financial liability on convertible loan) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2013	**2012**
	$	$
Profit/(loss) net of tax, attributable to owners of the Company for the year	520,370	(2,932,543)
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	99,724,000	99,724,000

As at 31 December 2013, the basic and diluted earnings per share of the group are the same as there were no potential dilutive ordinary shares existing during the financial year.

As at 31 December 2012, the potential ordinary shares are anti-dilutive in effect, as such there is no difference in the diluted and basic earnings per share presented.

12. Property, plant and equipment

	Land	Computer	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Factory equipment	Plant and machinery	Software	Total
	$	$	$	$	$	$	$	$	$	$
Group										
Cost:										
At 1 January 2012	499,637	100,759	114,473	1,036,979	64,148	96,681	77,270	1,182,287	–	3,172,234
Additions	–	13,117	7,650	73,500	24,192	5,700	31,235	78,841	–	234,235
Disposals	–	–	–	–	(8,464)	–	–	–	–	(8,464)
Classified as non-current assets held for sale	(499,637)	–	–	–	–	–	–	–	–	(499,637)
At 31 December 2012 and 1 January 2013	–	113,876	122,123	1,110,479	79,876	102,381	108,505	1,261,128	–	2,898,368
Additions	–	88,683	18,070	867,007	45,228	28,402	167,707	317,243	96,300	1,628,640
Disposals	–	–	–	(599,303)	(5,384)	–	(25,600)	–	–	(630,287)
Acquisition of a subsidiary (Note 14)	–	17,365	12,133	–	8,633	–	–	–	–	38,131
At 31 December 2013	–	219,924	152,326	1,378,183	128,353	130,783	250,612	1,578,371	96,300	3,934,852
Accumulated depreciation:										
At 1 January 2012	–	65,424	65,704	422,665	34,958	53,349	31,055	639,131	–	1,312,286
Depreciation charge for the year	–	22,994	20,290	89,011	12,523	19,526	7,012	90,236	–	261,592
Disposals	–	–	–	–	(6,145)	–	–	–	–	(6,145)
At 31 December 2012 and 1 January 2013	–	88,418	85,994	511,676	41,336	72,875	38,067	729,367	–	1,567,733
Depreciation charge for the year	–	30,932	21,224	107,868	17,818	15,981	19,340	112,180	16,050	341,393
Disposals	–	–	–	(216,326)	(3,806)	–	(12,326)	–	–	(232,458)
At 31 December 2013	–	119,350	107,218	403,218	55,348	88,856	45,081	841,547	16,050	1,676,668
Net carrying amount:										
At 31 December 2012	–	25,458	36,129	598,803	38,540	29,506	70,438	531,761	–	1,330,635
At 31 December 2013	–	100,574	45,108	974,965	73,005	41,927	205,531	736,824	80,250	2,258,184

12. Property, plant and equipment (cont'd)

Assets held under finance lease

(a) During the financial years ended 31 December 2013 and 2012 the cash outflows on purchase of plant and equipment were as follows:

	Group 2013	Group 2012
	$	$
Aggregate cost of property, plant and equipment acquired	1,628,640	234,235
Less: Acquired by means of finance lease	(802,604)	(66,000)
Cash outflows on acquisition of property, plant and equipment	826,036	168,235

(b) As at 31 December 2013 and 2012, the carrying amount of plant and equipment held under finance leases were as follows:

	Group 2013	Group 2012
Motor vehicles	950,779	567,649
Factory equipment	147,313	14,222
Plant and machinery	150,246	384,233
	1,248,338	966,104

Leased assets are pledged as security for the related finance lease liabilities.

13. Non-current assets classified as held for sale

	Group 2013	Group 2012
	$	$
Freehold land	–	499,637

During the year, the Group sold the freehold land which was located in Malaysia and owned by one of its subsidiaries, Libra Engineering Sdn Bhd.

14. Investment in subsidiaries

	Company 2013	Company 2012
	$	$
Shares, at cost	11,643,589	9,241,589

14. Investment in subsidiaries (cont'd)

The Company has the following subsidiaries as at 31 December:

Name of company	Country of incorporation	Principal activity	Cost of investment 2013	Cost of investment 2012	Effective equity interest held by the Group 2013	Effective equity interest held by the Group 2012
			$	$		
Held by the Company:						
Kin Xin Engineering Pte. Ltd.("Kin Xin") [1]	Singapore	Contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems	8,050,997	6,150,997	100	100
Libra Engineering Pte. Ltd. ("Libra Engineering") [1]	Singapore	Manufacturing and sale of ACMV ducts and trading of ACMV related products	3,390,592	3,090,592	100	100
Ai-Build Pte. Ltd. [1]	Singapore	General contractors for building construction including major upgrading works and wholesale trade as general importers and exporters	202,000	–	51	–
			11,643,589	9,241,589		
Held through Libra Engineering Pte Ltd						
Libra Engineering SdnBhd ("Libra Malaysia") [2]	Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products	203,600	203,600	100	100

[1] Audited by Ernst & Young LLP, Singapore

[2] Audited by Se Lai Associates, Malaysia

14. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

Ai-Build Pte. Ltd

The Group, in its endeavour to be an integrated construction group that is able to carry out main contractors' work, acquired Ai-Build Pte. Ltd. Ai-Build Pte Ltd was incorporated in Singapore on 18 May 2012 and its principal activities are building construction and general wholesale trading.

The acquisition, which was completed on 8 May 2013 ("date of acquisition"), is outlined below:

(a) The Group has acquired 51% of the equity interest, Ai-Build Pte. Ltd. amounting to 153,000 ordinary shares

(b) Subscription price is at a consideration of S$202,000, which was to be satisfied by way of cash upon completion of the subscription

The provisional fair values of the identifiable assets and liabilities of Ai-Build Pte Ltd as at the acquisition date were:

	Total
	$
Plant and equipment	38,131
Current assets	316,940
Current liabilities	(41,460)
	313,611
Non-controlling interest acquired	(153,669)
Total consideration transferred	(202,000)
Provisional goodwill arising from acquisitions	(42,058)

<u>Consideration transferred for the acquisition exercise</u>

	Consideration
Total cash consideration transferred	202,000
Less: cash and cash equivalents of subsidiary acquired	(259,993)
Net cash inflow on acquisition	(57,993)

<u>Provisional accounting of the acquisition of subsidiaries</u>

As at 31 December 2013, the fair values of identifiable assets and liabilities, and the goodwill arising from the acquisition have been determined on a provisional basis. Based on provisional accounting, goodwill of $42,058 has been recognised in the consolidated financial statements as management has not identified any other intangible assets and carrying amount of tangible assets is not considered to be significantly different from the respective fair values.

14. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Provisional accounting of the acquisition of subsidiaries (cont'd)

Management considers that there are no indicators for impairment of provisional goodwill as of 31 December 2013, as Ai-Build Pte. Ltd has valid main contracting license which combined with the Group's expertise can generate significant revenues and cash flows.

Provisional goodwill arising from this acquisition and the carrying amount of identifiable assets and liabilities will be adjusted when the purchase price allocation is finalised.

Impact of acquisition on profit or loss

From the date of acquisition, the acquired subsidiary contributed revenue and loss net of tax of $23,065 and $293,105 respectively. If the acquisition had taken place at the beginning of the financial period, the Group's revenue and profit net of tax from continuing operations would have been $31,643,944 and $376,063 respectively.

15. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2013	2012	2013	2012
	$	$	$	$
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(4,577)	(33,107)	(28,530)	(34,941)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $2,500,000 (2012: $3,570,000) that are available for offset against future taxable profit of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of this tax loss is subject to the agreement of the tax authority and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

16. Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Trade receivables	5,632,044	5,984,356	–	–
Retention receivables	28,425	93,737	–	–
Refundable deposits	305,502	202,005		
Other receivables	29,274	9,123	–	–
Amounts due from subsidiaries	–	–	1,205,627	2,559,171
	5,995,245	6,289,221	1,205,627	2,559,171
Add: Cash and cash equivalents (Note 19)	3,446,120	8,128,654	1,410,663	1,861,163
Total loans and receivables	9,441,365	14,417,875	2,616,290	4,420,334

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 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 amounting to $1,898,061 (2012: $2,047,324) 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:

	Group	
	2013	2012
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	1,198,562	1,006,506
31 to 90 days	349,823	542,655
More than 90 days	349,676	498,163
	1,898,061	2,047,324

16. Trade and other receivables (cont'd)

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	
	2013	**2012**
	$	$
Trade receivables – nominal amounts	1,132,614	509,175
Less: Allowance for impairment	(993,704)	(447,677)
	138,910	61,498

Movement in allowance accounts:

At 1 January	447,677	216,619
Charge for the year	749,341	231,058
Written back during the year	(121,225)	–
Effect of GST relief on bad debts written-off	18,963	–
Written-off	(101,052)	–
At 31 December	993,704	447,677

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.

Amounts due from subsidiaries

These amounts relates to non-trade in nature. They are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

17. Gross amount due from/(to) customers for contract work-in-progress

	Group 2013	Group 2012
	$	$
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	89,190,020	71,791,938
Less: Progress billings	(79,294,721)	(62,638,277)
	9,895,299	9,153,661
Presented as:		
Gross amount due from customers for contract work-in-progress	10,041,768	9,153,661
Gross amount due to customers for contract work-in-progress	(146,469)	–
	9,895,299	9,153,661
Retention sums on construction contracts included in gross amount due from customers for contract work-in-progress	2,434,647	2,579,698
Retention sums on construction contracts included in trade receivables	28,425	93,737

18. Inventories

	Group 2013	Group 2012
	$	$
Balance sheet:		
Raw materials	960,242	616,570
Finished goods	357,678	85,328
	1,317,920	701,898
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	15,740,680	14,363,748

19. Cash and cash equivalents

	Group 2013	Group 2012	Company 2013	Company 2012
	$	$	$	$
Cash at banks and on hand	3,446,120	8,128,654	1,410,663	1,861,163

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

	Group 2013	Group 2012
	$	$
Malaysian Ringgit	538,213	5,731

20. Loans and borrowings

	Maturity	Group 2013	Group 2012
		$	$
Current:			
Factoring loan		–	1,456,041
Trust receipts		2,757,109	3,936,682
Obligations under finance lease (Note 25(b))		309,337	194,309
Term loans:			
- 6.50% p.a. fixed rate SGD loan [1]		–	18,151
- 6.00% p.a. fixed rate SGD loan [2]		–	12,108
- 3.50% p.a. fixed rate SGD loan [3]		–	89,009
- 3.50% p.a. fixed rate SGD loan [4][8]	2014	114,836	376,611
- 3.75% p.a. fixed rate SGD loans [5][8]	2014	45,679	221,467
- 3.75% p.a. fixed rate SGD loans [6][8]	2015	650,633	962,684
- RM loan at 1.25% p.a. above bank's base financing rate[7][8]	2026	–	110,658
Total term loans		811,148	1,790,688
		3,877,594	7,377,720
Non-current:			
Obligations under finance lease (Note 25(b))	2014-2016	368,775	221,366
Total loans and borrowings		4,246,369	7,599,086

Factoring loan

Factoring loan was secured by a corporate guarantee from a related company and carried interest of 5% per annum.

Trust receipts

Trust receipts are secured by personal guarantees from the directors and all fresh monies charged over deposits made in the name of a director.

Trust receipts have an average maturity period of 60 to 120 days (2012: 60 to 120 days) and bear interest of 5.5% to 10% per annum (2012: 5.75% to 7.5% per annum).

Obligations under finance leases

The Company has finance leases for certain items of plant and equipment as disclosed in Note 12. The discount rates implicit in the leases range from 3.73% to 8.74% per annum (2012: 4.53% to 8.74% per annum).

20. Loans and borrowings (cont'd)

Term loans

(1) The loan was secured by personal guarantees from a director and a former director, corporate guarantee from a related company and was repayable by monthly instalments over three years. The loan has been fully repaid as at 31 December 2013.

(2) The loan was secured by joint and several guarantees from a director and a former director and was repayable by monthly instalments over three years. The loan has been fully repaid as at 31 December 2013.

(3) The loan was secured by joint and several guarantees from a director and a former director and was repayable by monthly instalments over three years. The loan has been fully repaid as at 31 December 2013.

(4) The loan is secured by a corporate guarantee from a related company and is repayable by monthly instalments over one and half years.

(5) 2 loans are secured by joint and personal guarantees from a director and a former director and are repayable by monthly instalments over three years.

(6) 2 loans are secured by a corporate guarantee from a related company and are repayable by monthly instalments over three years.

(7) The loan, which was secured by a legal charge over the freehold land (Note 13), and joint and personal guarantees by a director and a former director and corporate guarantee by a related company, was repayable by monthly instalments over fifteen years commencing from 1 February 2012. The loan has been fully repaid as at 31 December 2013.

(8) In addition to the basic loan terms and specific clauses defining default events, these term loans also include an overriding clause which gives the lenders the right to review the loans from time to time at their sole discretion. Upon review of these term loans, the lenders have the right to review, vary, reduce or terminate the facilities. Callable term loans should be classified as current in their entirety in the balance sheet as the borrowers do not have the unconditional right as at the reporting date to defer settlement for at least twelve months after the reporting date. As such, these term loans were classified as current liabilities, even though they are not scheduled for repayment within twelve months after the reporting date based on the scheduled repayment dates in the loan facility agreements.

21. Trade and other payables

	Group 2013	Group 2012	Company 2013	Company 2012
	$	$	$	$
Trade payables	5,103,380	6,001,977	–	–
GST payables	247,757	280,282	100,759	8,591
Retention payables	461,142	336,819	–	–
Operating lease payables	–	21,600	–	–
Other payables	300,676	251,644	79,964	144,048
	6,112,955	6,892,322	180,723	152,639
Add: Other liabilities (Note 22)	1,916,341	1,163,385	179,320	15,320
Add: Loans and borrowings (Note 20)	4,246,369	7,599,086	–	–
Total financial liabilities carried at amortised costs	12,275,665	15,654,793	360,043	167,959

Trade payables/other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days' terms.

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

	Group 2013	Group 2012
	$	$
Malaysian Ringgit	79,088	90,942
United States Dollar	503,002	31,865

22. Other liabilities

	Group 2013	Group 2012	Company 2013	Company 2012
	$	$	$	$
Accrued salaries and bonuses	906,932	602,124	–	–
Accrued operating expenses	1,009,409	561,261	179,320	15,320
	1,916,341	1,163,385	179,320	15,320

23. Share capital

	Company			
	2013		2012	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January and 31 December	99,724,000	14,576,304	99,724,000	14,576,304

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.

24. 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 currency is different from that of the Group's presentation currency.

	Group	
	2013	2012
	$	$
At 1 January	32,237	24,164
Translation differences for the year	(42,107)	8,073
At 31 December	(9,870)	32,237

25. Commitments

(a) ***Operating lease commitments - as lessee***

The Group has entered into commercial leases for the rental of office equipment, factory equipment, office premises and staff accommodation for foreign workers. These leases have an average life of between one and five years. There are no restrictions placed upon the Group by entering into these leases.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2013 amounted to $1,170,226 (2012: $1,106,390).

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

	Group	
	2013	2012
	$	$
Not later than one year	1,104,180	1,573,680
Later than one year but not later than five years	5,247	1,092,927
	1,109,427	2,666,607

25. Commitments (cont'd)

(b) ***Finance lease commitments***

The Group has finance leases for certain items of plant and equipment. These leases have terms of purchase options.

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

	Group			
	2013		2012	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	$	$	$	$
Not later than one year	332,758	309,337	215,353	194,309
Later than one year but not later than five years	394,585	368,775	254,920	221,366
Total minimum lease payments	727,343	678,112	470,273	415,675
Less: Amounts representing finance charges	(49,231)	–	(54,598)	–
Present value of minimum lease payments	678,112	678,112	415,675	415,675

26 Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value***

Trade and other receivables (Note 16), Cash and cash equivalents (Note 19), Trade and other payables (Note 21), Other liabilities (Note 22) and Loans and borrowings except for non-current obligations under finance leases (Note 20)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

26 Fair value of financial instruments (cont'd)

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases (Note 20)	368,775	347,476	221,366	239,012

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of borrowing arrangements at the end of the reporting period.

27. Financial risk management policies and objectives

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no derivatives shall be undertaken. The Group does not apply hedge accounting.

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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(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.

27. Financial risk management policies and objectives (cont'd)

(a) ***Credit risk (cont'd)***

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, which is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

At the end of the reporting period, approximately 25% (2012: 66%) of the Group's trade receivables were due from 5 major debtors located in Singapore.

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 or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

(b) ***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 and the Company'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 Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

27. Financial risk management policies and objectives (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities

The following tables summarise the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less	One to five years	Total
	$	$	$
Group			
2013			
Financial assets:			
Trade and other receivables	5,995,245	–	5,995,245
Cash and cash equivalents	3,446,120	–	3,446,120
Total undiscounted financial assets	9,441,365	–	9,441,365
Financial liabilities:			
Trade and other payables	6,112,955	–	6,112,955
Other liabilities	1,916,341	–	1,916,341
Loans and borrowings	3,911,084	394,585	4,305,669
Total undiscounted financial liabilities	11,940,380	394,585	12,334,965
Total net undiscounted financial liabilities	(2,499,015)	(394,585)	(2,893,600)

	One year or less	One to five years	Total
	$	$	$
Group			
2012			
Financial assets:			
Trade and other receivables	6,289,221	–	6,289,221
Cash and cash equivalents	8,128,654	–	8,128,655
Total undiscounted financial assets	14,417,875	–	14,417,875
Financial liabilities:			
Trade and other payables	6,892,322	–	6,892,322
Other liabilities	1,163,385	–	1,163,385
Loans and borrowings	7,530,280	254,920	7,785,200
Total undiscounted financial liabilities	15,585,987	254,920	15,840,907
Total net undiscounted financial liabilities	(1,168,112)	(254,920)	(1,423,032)

27. Financial risk management policies and objectives (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less	One to five years	Total
	$	$	$
Company			
2013			
Financial assets:			
Trade and other receivables	1,205,627	–	1,205,627
Cash and cash equivalents	1,410,663	–	1,410,663
Total undiscounted financial assets	2,616,290	–	2,616,290
Financial liabilities:			
Trade and other payables	180,723	–	180,723
Other liabilities	179,320	–	179,320
Total undiscounted financial liabilities	360,043	–	360,043
Total net undiscounted financial assets	2,256,247	–	2,256,247

	One year or less	One to five years	Total
	$	$	$
Company			
2012			
Financial assets:			
Trade and other receivables	2,559,171	–	2,559,171
Cash and cash equivalents	1,861,163	–	1,861,163
Total undiscounted financial assets	4,420,334	–	4,420,334
Financial liabilities:			
Trade and other payables	152,639	–	152,639
Other liabilities	15,320	–	15,320
Total undiscounted financial liabilities	167,959	–	167,959
Total net undiscounted financial assets	4,252,375	–	4,252,375

27. Financial risk management policies and objectives (cont'd)

(c) ***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 floating rate term loan for the financial years ended 31 December 2013 and 2012.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2012: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been NIL (2012: $1,107) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loan.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, Singapore Dollar (SGD). The foreign currency in which most of these transactions are denominated in Malaysian Ringgit (RM) and United States Dollars (USD). Approximately 27% (2012: 11%) of costs are denominated in foreign currencies. The Group's trade payable balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balance is mainly in RM.

Sensitivity analysis for foreign currency risks

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the RM and USD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2013	**2012**
		Profit before tax	**Loss before tax**
		$	$
RM/SGD	- strengthened 5% (2012: 5%)	19,054	(3,774)
	- weakened 5% (2012: 5%)	(19,054)	3,774
USD/SGD	- strengthened 5% (2012: 5%)	(20,875)	(1,322)
	- weakened 5% (2012: 5%)	20,875	1,322

28. 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 Group 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 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

		Group	
	Note	**2013**	**2012**
		$	$
Trade and other payables	21	6,112,955	6,892,322
Other liabilities	22	1,916,341	1,163,385
Loans and borrowings	20	4,246,369	7,599,086
Less: Cash and cash equivalents	19	(3,446,120)	(8,128,654)
Net debt		8,829,545	7,526,139
Equity attributable to the owners of the Company		10,847,414	10,369,151
Capital and net debt		19,676,959	17,895,290
Gearing ratio		45%	42%

29. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(1) ***Mechanical and Electrical (M&E)***

The M&E segment includes the contracting and installation of air-conditioning and mechanical ventilation (ACMV), fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems.

(2) ***Manufacturing***

The manufacturing segment includes the manufacturing and sale of ACMV ducts and trading of ACMV relates products.

29. Segment reporting (cont'd)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

	Mechanical & Electrical	Manufacturing	Adjustments & eliminations	Note	Total
	$	$	$		$
31 December 2013					
Revenue:					
External customers	17,583,455	13,944,276	–		31,527,731
Inter-segment	–	1,048,172	(1,048,172)	A	–
Total revenue	17,583,455	14,992,448	(1,048,172)		31,527,731
Results:					
Segment gross profit	1,610,997	3,144,017	720,000	B	5,475,014
Segment (loss)/profit	(878,837)	456,077	251,853	C	170,907
Assets:					
Trade receivables	2,227,104	3,404,940	–		5,632,044
Segment assets	14,331,681	10,351,970	(1,363,092)	D	23,320,559
Liabilities:					
Loans and borrowings	1,716,114	2,530,255	–	E	4,246,369
Segment liabilities	10,300,813	5,970,795	(3,808,511)	D	12,463,097

29. Segment reporting (cont'd)

	Mechanical & Electrical	Manufacturing	Adjustments & eliminations	Note	Total
	$	$	$		$
31 December 2012					
Revenue:					
External customers	20,002,441	8,669,733	–		28,672,174
Inter-segment	–	1,157,510	(1,157,510)	A	–
Total revenue	20,002,441	9,827,243	(1,157,510)		28,672,174
Results:					
Segment gross profit	4,318,175	2,324,303	725,788	B	7,368,266
Segment (loss)/profit	(3,655,917)	757,975	(18,396)	C	(2,916,338)
Assets:					
Trade receivables	3,701,544	2,282,812	–		5,984,356
Segment assets	18,378,689	9,147,674	(1,237,754)	D	26,288,609
Liabilities:					
Loans and borrowings	4,635,984	2,852,445	110,657	E	7,599,086
Segment liabilities	15,818,186	5,572,321	(5,471,049)	D	15,919,458

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment revenues and cost of sales are eliminated on consolidation.

C Inter-segment revenues and expenses are eliminated on consolidation. Unallocated corporate expenses are also deducted to arrive at "profit before tax" presented in the consolidated statements of comprehensive income.

D Intercompany balances are eliminated on consolidation.

E Loans and borrowings from corporate activities are added to arrive at total loans and borrowings reported in the combined balance sheet.

29. Segment reporting (cont'd)

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Geographical information

There is no geographical segment information provided as the Group operates entirely in Singapore for the financial years ended 31 December 2013 and 2012.

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

	2013		2012	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
	$	$	$	$
Singapore	31,527,731	2,258,184	28,672,174	1,330,635
Malaysia	–	–	–	499,637
	31,527,731	2,258,184	28,672,174	1,830,272

Non current assets information presented above consist of property, plant and equipment and non current assets classified as held for sale as presented in the balance sheets.

Information about major customers

Revenue from three (2012: two) of the Group's major customers amounted to $7,400,561 (2012: $9,069,558), arising from the Mechanical and Electrical segment.

30. Dividends

	Group and Company	
	2013	**2012**
	$	$
Proposed but not recognised as a liability as at 31 December:		
Final exempt (one-tier) dividend for 2013: 0.30 cents (2012:Nil)	299,172	–

Proposed dividends are on ordinary shares, subject to shareholders' approval at annual general meeting.

31. Comparative figures

Certain comparative figures have been reclassified to provide a proper comparison with the current financial year's presentation as follow:

Reclassification administrative expenses to cost of sales

Certain expenses amounting to $1,299,415 have been reclassified from administrative expenses to cost of sales in the comparative figures.

32. Events occurring after the reporting period

On 26 February 2014, the Company made an offer for the acquisition of a property located in Singapore for an amount $17,120,000 including Goods and Services Tax and paid option money amounting to $171,200. The Vendor has accepted the Company's offer on 26 February 2014 and had provided an Option to Purchase to the Company on 14 March 2014. The Company intends to exercise the Option to Purchase on or before 30 April 2014.

33. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

Statistics of Shareholdings

As at 14 March 2014

SHARE CAPITAL

Number of issued shares	:	99,724,000
Class of shares	:	Ordinary Shares fully paid
Voting rights	:	One vote for each Ordinary Share
Treasury shares	:	NIL

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	-	-	-	-
1,000 – 10,000	95	21.99	721,000	0.72
10,001 – 1,000,000	331	76.62	22,594,000	22.66
1,000,001 and above	6	1.39	76,409,000	76.62
Total	**432**	**100.00**	**99,724,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	CHU SAU BEN	48,680,000	48.81
2	PHILLIP SECURITIES PTE LTD	12,980,000	13.02
3	LEE KAY CHOON (LI JIACHUN)	5,900,000	5.92
4	HONG LEONG FINANCE NOMINEES PTE LTD	5,820,000	5.84
5	SEOW TIONG SIAH	1,687,000	1.69
6	KERR LAY KHENG	1,342,000	1.35
7	LOH SONG QUEE	1,000,000	1.00
8	LEE BAN LONG	751,000	0.75
9	CHUA KENG CHOON MAURICE	670,000	0.67
10	OCBC SECURITIES PRIVATE LTD	549,000	0.55
11	DONG FA GEN	500,000	0.50
12	LOH CHOY SUAH	469,000	0.47
13	MAYBANK KIM ENG SECURITIES PTE LTD	469,000	0.47
14	WONG CHEOW LIN	400,000	0.40
15	PAUL GO KIAN LEE	398,000	0.40
16	SIM LYE HUAT	390,000	0.39
17	LIM YAU SONG	352,000	0.35
18	CHAI SHAO PING	300,000	0.30
19	NG BOON CHOO	300,000	0.30
20	NG SENG LIN	300,000	0.30
	TOTAL	**83,257,000**	**83.48**

Statistics of Shareholdings

As at 14 March 2014

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 14 March 2014 are:

	No. of Ordinary Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Chu Sau Ben	48,680,000	48.81	5,720,000 (1)	5.74
William Lee Kay Choon	5,900,000	5.92	-	-

Note:
(1) Mr. Chu Sau Ben is the beneficial owner of 5,720,000 issued ordinary shares pledged to and registered in the name of Hong Leong Finance Nominees Pte Ltd.

PUBLIC FLOAT

Based on the information available to the Company as at 14 March 2014, approximately 39.53% of the Company's issued ordinary shares is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Libra Group Limited (the "**Company**") will be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Wednesday, 23 April 2014 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 0.30 Singapore cents per ordinary share for the year ended 31 December 2013 (2012: Nil). **(Resolution 2)**

3. To re-elect the following Director retiring pursuant to Article 93 of the Company's Articles of Association:

   Mr Chu Sau Ben **(Resolution 3)**

   Mr Chu Sau Ben will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company.

4. To re-appoint the following Directors retiring pursuant to Article 92 of the Company's Articles of Association:

   Mr Chua Siong Kiat, Alex **(Resolution 4)**
   Mr Kong Chee Keong **(Resolution 5)**

   Mr Chua Siong Kiat, Alex will, upon re-appointment as a Director of the Company, remain as an Executive Director and Chief Financial Officer of the Company.

   *Mr Kong Chee Keong will, upon re-appointment as a Director of the Company, remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees, and 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 (the "**SGX-ST**") ("**Rules of Catalist**").*

5. To approve the payment of Directors' fees of S$150,355 for the financial year ended 31 December 2013 (2012: S$110,000.00). **(Resolution 6)**

6. To approve the payment of Directors' fees of S$160,000 for the financial year ending 31 December 2014, payable half yearly in arrears. **(Resolution 7)**

7. To re-appoint Ernst & Young LLP, Public Accountants and Chartered Accountants, as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

8. To transact any other ordinary business which may properly be transacted at an annual general meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

9. **Authority to allot and issue shares**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Rules of Catalist, authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (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 that 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 does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (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 existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations 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 percentage of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Articles of Association for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (i)]. **(Resolution 9)**

10. **Authority to grant awards ("Awards") and issue Shares under the Libra Performance Share Plan ("Plan")**

That the Directors of the Company be and are hereby authorised to:

(a) grant Awards in accordance with the provisions of the Plan; and

(b) allot and issue from time to time such number of fully paid-up shares in the capital of the Company ("**Shares**") as may be required to be allotted and issued pursuant to the vesting of the Awards granted under the Plan; and

(c) (notwithstanding the authority conferred by this resolution may have ceased to be in force) allot and issue fully paid-up Shares pursuant to the vesting of any Awards granted by the Directors in accordance with the Plan while this Resolution was in force,

Provided that the aggregate number of new Shares to be allotted and issued, when aggregated with the new Shares issued and/or issuable and the existing Shares delivered and/or deliverable in respect of all Awards granted under the Plan, and all Shares, options or awards granted under any other share scheme of the Company in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time, such authority (unless revoked or varied by the Company in general meeting) shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)]. **(Resolution 10)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 8 April 2014

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting.

(ii) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors to offer and grant Awards and to issue Shares pursuant to the Plan, provided that the aggregate number of Shares under the Plan and such other awards or options granted under any share scheme of the Company in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time.

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy, duly executed, must be deposited at the registered office of the Company at **101 Defu Lane 10, Singapore 539222** not less than forty-eight (48) hours before the time appointed for holding the AGM.

Notice of Books Closure Date and Dividend Payment

NOTICE IS HEREBY GIVEN that subject to the approval of shareholders of Libra Group Limited (the "**Company**") ("**Shareholders**") at the forthcoming Annual General Meeting ("**AGM**") of the Company being obtained for the proposed first and final one-tier tax exempt dividend of 0.30 Singapore cents per ordinary share in the capital of the Company ("**Share**") for the financial year ended 31 December 2013 ("**First and Final Dividend**"), the Share Transfer Books and Register of Members of the Company will be closed on 30 April 2014 for the purpose of determining Shareholders' entitlements to the proposed First and Final Dividend.

Duly completed transfers in respect of Shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898 up to 5.00 p.m. on 29 April 2014 will be registered to determine Shareholders' entitlements to the proposed First and Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 29 April 2014 will be entitled to the proposed First and Final Dividend.

Subject to the approval of Shareholders at the forthcoming AGM, the proposed First and Final Dividend will be paid on 12 May 2014.

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 8 April 2014

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LIBRA GROUP LIMITED

Company Registration No. 201022364R

(Incorporated in the Republic of Singapore on 20 October 2010)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Libra Group Limited's shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the AGM as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We, ____ (Name)

of ____(Address)

being *a member/members of LIBRA GROUP LIMITED (the "**Company**"), hereby appoint:

Name	*** NRIC/Passport No.**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

and/or (delete as appropriate)

Name	*** NRIC/Passport No.**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Wednesday, 23 April 2014 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the AGM as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM:

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Receive and adopt the Directors' Report and Audited Accounts for the financial period ended 31 December 2013		
2	Declaration of a first and final one-tier tax exempt dividend of 0.30 Singapore cents per ordinary share for the financial year ended 31 December 2013		
3	Re-election of Mr Chu Sau Ben as a Director of the Company		
4	Re-appointment of Mr Chua Siong Kiat, Alex as a Director of the Company		
5	Re-appointment of Mr Kong Chee Keong as a Director of the Company		
6	Approval of Directors' fees amounting to S$150,355 for the financial year ended 31 December 2013		
7	Approval of Directors' fees amounting to S$160,000 for the financial year ending 31 December 2014, payable half yearly in arrears		
8	Re-appointment of Ernst & Young LLP, Public Accountants and Chartered Accountants, as auditors of the Company		
9	General authority to allot and issue shares		
10	Authority to grant Awards and allot and issue new shares under the Libra Performance Share Plan		

Dated this __________ day of ___________________ 2014

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 accordingly.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **101 Defu Lane 10, Singapore 539222** not less than forty-eight (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. 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 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

LIBRA
GROUP LIMITED

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