LIBRA
GROUP LIMITED

Unleashing Potential, **Unlocking Value**

Annual Report 2011

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.

Corporate Profile

Through its subsidiaries, Libra Group Limited ("Libra", and together with its subsidiaries, the "Group") is principally engaged in the business of providing integrated mechanical and electrical engineering ("M&E") services as a sub-contractor, including the contracting and installation of air-conditioning and mechanical ventilation ("ACMV") systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems as well as the manufacturing and sale of ACMV ducts and the trading of ACMV related products.

Our Group's business can be categorised into two (2) segments as follows:

- M&E services, including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems ("M&E Services"); and

- Manufacturing and sale of ACMV ducts and trading of ACMV related products ("Manufacturing").

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 activities, specialising 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. In 2010, our Group began to undertake projects as a nominated sub-contractor.

Our customers include main contractors, property developers, statutory boards, listed companies and government bodies.

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.

Chairman'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 2011 ("FY2011").

Dear Shareholders,

A Major Milestone

FY2011 marks a major milestone for our Group; Libra was listed on Catalist of the SGX-ST on 15 November 2011. We would like to take this opportunity to express our sincere appreciation to all our staff, professionals as well as shareholders who had contributed to the success of our listing.

Our success in the initial public offering ("IPO") is a major achievement for our Group as it provides us with a strong impetus for growth and business expansion. The IPO has generated positive exposure for our Group and opened up new opportunities for us. In particular, Libra's subsidiary, Kin Xin Engineering which has extensive experience gained from completion of major projects, has been able to reinforce its name with customers after listing. Our Group's manufacturing arm, Libra Engineering has similarly been able to expand its market share.

Financial Year Under Review

We delivered a satisfactory set of results for FY2011. We achieved total revenue of $22.68 million, or a decrease of S$7.11 million or 23.9% from S$29.79 million recorded in the financial year ended 31 December 2010 ("FY2010"). The decrease was mainly attributable to the cooling measures imposed by the Singapore government on the property sector which slowed down construction activities and correspondingly, decreased the demand for M&E Services. Our net profit after tax decreased by 84.6% to S$0.57 million in FY2011 – mainly due to the drop in revenue and an increase in IPO related expenses.

Nevertheless, we believe that the construction of various projects which were previously secured and had remained uncompleted as at 31 December 2011 will continue as scheduled and revenue arising from these projects will largely be recognised in the financial year ending 31 December 2012 ("FY2012"). These projects include condominium projects at Ang Mo Kio Avenue 8, Spottiswoode Park Road, Serangoon Avenue 3, Enggor Street in Tanjong Pagar, Lorong N Telok Kurau and Ardmore Park as well as a residential development at Canberra Drive.

Growth Strategy

Over the years, our Group has built on its expertise in ACMV systems and has since successfully completed numerous M&E projects of increasing scale. Through the extensive experience we have gained from successful completion of such projects, we are confident of being endorsed as a hallmark of quality with a reliable track record as a home-grown M&E specialist. Following the IPO, our strategy is to actively participate in new reputable development projects in Singapore in order to generate sustainable growth and long-term value for shareholders. Our Group's manufacturing arm, Libra Engineering will also develop new products with the view of increasing its product range under its own brand and to expand its market share. Going forward, we will explore the feasibility of vertical integration through local and/or regional joint ventures with our business partners in the building and construction industry.

Acknowledgement

On behalf of the Board, I would like to once again take this opportunity to express our appreciation to everyone who contributed to the Group's growth thus far. These include our management team and staff, business associates, customers and suppliers as well as the professionals who had supported us all these while. We are also grateful to our shareholders for the confidence and support they have shown us. We will certainly continue to work to enhance shareholder value for the benefit of all our stakeholders.

Yours sincerely,

Chu Sau Ben
Executive Chairman

主席致辞

尊敬的股东们：

代表天枰集团有限公司董事会董事，在此我们很高兴呈现2011年度财政报告。

重要里程碑

对于本集团，2011财政年是一个具有巨大意义的里程碑,天枰集团于2011年11月15日在新加坡凯利板成功上市。我们愿借此机会对我们所有的员工,专业人士以及股东们表示诚挚的感谢。

我们在首次公开发行(IPO)的成功是本集团取得的一个重大成就,它提供给我们一个经济增长和扩展业务的强大动力,IPO已经为集团产生正面曝光和为我们打开新的增长机会。在集团上市后，天枰集团的子公司,特别是金鑫工程有限公司能具有完成重大工程项目的广泛经验以及加强本公司在客户心目中的地位。本集团的另一个子公司,天枰工程有限公司,同样能扩大其市场份额。

年度回顾

我很高兴地报告,本集团在2011财政年呈现的财务成绩。我们的总营业额达2268万新元,同比2010财政年的2979万新元减少711万新元或23.9%。收入降低的主要原因是新加坡政府执行对房地产领域的冷却措施，从而造就建设活动放缓,客户对本集团的机电服务需求也相应地下降。本集团在2011财政年的税后净利润下降84.6%至57万新元。主要是由于收入下降和IPO相关的支出费用。

不过，我们相信在2011年12月31日未完成的各种工程项目将继续如期进行，而从这些工程项目获得的收益将体现在未来的财务年。这些工程项目包括公寓工程项目Ang Mo Kio Avenue 8, Spottiswoode Park Road, Serangoon Avenue 3, Enggor Street 在 Tanjong Pagar, Lorong N Telok Kurau ， Ardmore Park 和在 Canberra Drive的住宅发展工程项目。

发展策略

在过去的几年中,本集团已经建立起通风空调技术,至今已成功完成多个机电工程项目。通过丰富的经验，我们成功的完成了不少工程项目。我们有足够的信心成为标志性的优质可靠的一个本土机电专家。上市后,为了集团的持续增长和为了创造长期股东价值，我们的策略是积极参与在新加坡的著名的新发展项目。本集团的天枰工程有限公司也将以自己的品牌开发新产品、提高产品的范围和扩大其市场份额。将来,我们会寻求纵向结合，与我们在建筑行业的商业伙伴进行本地和/或区域合资企业。

致谢

作为董事会的代表,我想借此机会向每个对我们的首次公开上市成功做出贡献的各位人士表示感谢，其中包括我们的管理团队和员工、商业伙伴、供应商、客户以及曾参与在这个项目上的专业人员。我们也感谢我们股东对于本集团的信任和支持。我们肯定会继续努力以提高股东价值以及相关者的利益。

谨此致意

朱振铭
执行主席

Board Of Directors

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1. Chu Sau Ben, 46, is our Executive Chairman and was appointed to our Board on 20 October 2010. Mr. Chu has over 26 years of experience in the construction industry and is instrumental to the growth and development of our Group. As the Executive Chairman, he is responsible for the overall management, strategic planning and business development 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.

2. William Lee Kay Choon, 37, is our Executive Director and Chief Executive Officer and was appointed to the Board on 20 October 2010. Mr. Lee joined Kin Xin Engineering in 2005 as its operations manager. He was appointed as a director of Kin Xin Engineering and Libra Engineering in 2008. Mr. Lee oversees all key aspects of our Group's operations, including the tendering process of our projects and is responsible for identifying and securing new projects for our Group.

Mr. Lee started his career as an engineer with Fettle Engineering Co. (S) Pte Ltd from 1999 and subsequently with Johnson Control (S) Pte. Ltd. from 2001, where he was involved in project management on worksites and was responsible for budget costing, preparation of tendering materials and drawings, as well as liaising with customers and consultants on various site matters. Before Mr. Lee joined us, he was the assistant project manager of Tyco Fire & Security.

Mr. Lee holds a Bachelor of Building (Construction Management and Economics)(Hons) from the National University of Singapore. He is also an associate member of the American Society of Heating, Refrigerating and Air-Conditioning Engineers. In 2010, Mr. Lee was awarded the 2010 Successful Entrepreneur (Platinum Category) award by GRC Press Holdings.

3. Yuen Sou Wai, 58, is our 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. He is currently also the lead independent director of Chew's Group Limited, and a non-executive director of YHI International Limited, which are companies listed on the SGX-ST. Prior to his appointment as a non-executive director of YHI International Limited, Mr. Yuen held the position of group chief financial officer as well as executive director responsible for the group's operations in Australia,


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New Zealand, Italy, the United States of America and Canada.

Mr. Yuen has more than 36 years of broad-based financial management experience in various large local and multinational companies where he had held several senior financial positions including chief financial officer, regional finance director and group financial controller. Mr. Yuen holds a Master of Business Administration 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 Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

4. Eng Meng Leong, 57, 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 25 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 Kreuz Holdings Limited and HSR Global Limited, companies listed on Catalist of the SGX-ST.

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 Certified Public Accountants of Singapore. In 2011, he was admitted as an Accredited Tax Advisor by the Singapore Institute of Accredited Tax Professionals Limited.

5. Dr. Philip Tan Meng Ngee, 57, is our Independent Director and was appointed to our Board on 4 October 2011. Dr. Tan currently chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

Dr. Tan has more than 15 years' working experience in banks and in both private and public companies focused on financial and operational restructuring, corporate finance and planning. Through his experience in finance and his research work in management science, Dr. Tan developed multi-dimensional diagnostics and analytics in areas of risk assessments for corporate activities. Dr. Tan remains involved in research and development work on Alliance Finance™ while advising entities in strategic management. He was previously an independent director of Seatown Corporation Ltd, which was previously listed on the SGX-ST.

Dr. Tan holds a Bachelor of Science in Business Administration, Finance and Economics from the Oklahoma State University, USA. In 1981, he obtained his Masters of Science in Monetary Economics and Financial Management from the same university. He was subsequently conferred a Doctor of Management from IMC United Kingdom and Southern Cross University of Australia in 2000.

Financial and Operating Review

Financial Performance

Our Group achieved total revenue of S$22.68 million in FY2011. This represents a decrease of S$7.11 million or 23.9% from S$29.79 million recorded in FY2010 which was mainly attributable to the decrease in revenue from our M&E Services segment. Revenue generated from our M&E Services segment had decreased due to the cooling measures imposed by the Singapore Government on the property sector which slowed down construction activities and correspondingly, decreased the demand for M&E services.

Our cost of sales decreased by S$4.56 million or 22.4% from S$20.40 million in FY2010 to S$15.84 million in FY2011, in tandem with the decrease in revenue. Cost of sales was 69.9% of revenue in FY2011 compared to 68.5% of revenue in FY2010. The marginal increase of 1.4% was in tandem with the lower percentage decrease in cost of sales as compared to revenue.

Our Group's overall gross profit decreased by S$2.55 million or 27.2%, from S$9.39 million in FY2010 to S$6.84 million in FY2011. Gross profit margin decreased marginally by 1.4% from 31.5% in FY2010 to 30.1% in FY2011.

Other income increased by S$0.20 million from S$0.12 million in FY2010 to S$0.32 million in FY2011. The increase was mainly due to the write-back of accrued operating expenses of S$0.13 million and the refund of legal fees paid in FY2010 of approximately S$0.06 million. Sales of scrap material also contributed to an increase in other income of S$0.01 million.

Administrative expenses increased by S$0.98 million or 19.8% from S$4.94 million in FY2010 to S$5.92 million in FY2011. This was mainly attributable to an increase in IPO expenses of S$0.54 million, fair value loss on convertible loan amounting to S$0.08 million as well as post-IPO compliance related expenses of S$0.04 million. In addition, there was an increase in provision for doubtful debts of S$0.11 million and an increase in rental of office premises of S$0.11 million in FY2011.

Finance costs increased by S$0.26 million from S$0.21 million in FY2010 to S$0.47 million in FY2011. This was mainly due to the interest expense arising from the convertible loan amounting to S$0.20 million as well as interest on bank borrowings amounting to S$0.06 million in FY2011.

Overall, our Group's net profit after taxation amounted to S$0.57 million in FY2011. The Group's net profit after taxation was derived after a corporate income tax of approximately S$0.20 million in FY2011. Our Group had incurred IPO-related expenses (including interest expense and fair value loss on convertible loan) of S$1.07 million during the financial year under review. Had the IPO-related expenses been excluded, our profit before income tax would have been S$1.84 million in FY2011 and our profit net of tax would have been S$1.64 million.

Financial Position

As at 31 December 2011, our balance sheet remains healthy. Our Group's current assets increased by S$7.65 million to S$22.67 million as compared to a marginal increase in current liabilities by S$0.95 million to S$10.81 million. Our Group therefore had positive working capital of S$11.86 million as at 31 December 2011. As at 31 December 2011, our cash and cash equivalents stood at S$ 4.80 million.

Our total equity was S$13.29 million as at 31 December 2011.

Operating Review

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

- Commercial development at Bukit Panjang
- Condo development at Scotts Square
- Condo development at Sommerville Road
- Factory at Kallang Pudding Road
- Hotel development in Changi
- HUP at Lorong 8 Toa Payoh
- Museum at Marina Bay
- Park, spa and gym at Marina Bay
- Sub-station of a chemical plant in Jurong
- Warehouse development at Tai Seng Link

Major projects that are currently in progress are set out below:

- Commercial development in Paya Lebar
- Condo development at Amber Road
- Condo development at Ang Mo Kio Avenue 8
- Condo development in Ardmore Park
- Condo development at Enggor Street in Tanjong Pagar
- Condo development at Lorong N Telok Kurau
- Condo development at Spottiswoode Park Road
- Condo development at Woodgrove Avenue
- Factory at Jalan Tukang
- Factory in Yishun
- Residential development at Canberra Drive
- Residential development at Serangoon Avenue 3
- Shopping mall in Orchard

Executive Officers

1. Rachel Thia Meng Chng, 54, is our Chief Financial Officer since April 2010 and is responsible for the full spectrum of finance and administrative functions in our Group, which includes financial accounting and costing, as well as overseeing the human resource function of our Group.

Ms. Thia has over 30 years of experience in accounting and finance in both the public and private sectors. She started her career as an audit officer with the Auditor-General's Office and prior to joining us, she was employed as the financial controller of various companies including TTS Eurocars Pte Ltd, Novena Holdings Limited (a company listed on the SGX-ST) and Singco (Private) Limited.

Ms. Thia holds a Master in Business and a Graduate Diploma in Accounting from the Victoria University of Technology and is a certified practising accountant, having been admitted to the Australian Society of Certified Practising Accountants since 1999, and was further advanced to the status of Fellow of CPA Australia in 2004. Ms. Thia is also a Fellow of the Institute of Certified Public Accountants of Singapore.

2. Andrew Lam Kee Shing, 39, joined Kin Xin Engineering in 2010 as our Senior Project Manager and is primarily responsible for project management, project planning, and project budgeting and costing.

Mr. Lam started his career with McDonald Pte Ltd as an assistant store manager, where he was responsible for the restaurant's daily operations, finance management, training and maintenance of the store's equipment. He joined Dai-Dan Co., Ltd. in 2000 as a project engineer, where he was responsible for shopdrawing, project planning and supervision. From 2007, he was with King Wan Construction Pte. Ltd. as a senior project manager and was responsible for project tendering, project management and cost control.

Mr. Lam holds a Diploma in Mechanical Engineering from Singapore Polytechnic and a Bachelor of Engineering (Hons) in Mechanical Engineering from the University of Bradford.

3. Ti Tiong Kwee, 44, is the Assistant General Manager at our subsidiary, Libra Engineering. He is responsible for business development, production management and product development of Libra Engineering. He joined Kin Xin Engineering in 2008 as Project Manager before he was seconded to Libra Engineering where he was promoted to his current position in 2012.

Mr. Ti was employed by Litton Components (S) Pte Ltd in 1994 as a maintenance supervisor. In 1997, he joined Finessco Engineering (S) Pte Ltd as assistant product manager and was responsible for the sales and marketing of engineered products. From 2003, he was with Jin Seng Engineering Pte Ltd as its sales manager and director and was involved in the sales and marketing of power quality products. From 2005, he was employed by Willy Air-Con & Engineering Pte Ltd as a project manager and was responsible for project management and budgeting.

Mr. Ti holds a Diploma in Electrical Engineering and an Advance Diploma in Business Information Systems from Singapore Polytechnic.

4. Benjamin Yeo Quee Siong, 39, joined Kin Xin Engineering in 2009 as a Project Manager and is responsible for project management, project planning, project budgeting and costing, procurement of equipment and negotiating with suppliers, as well as liaising with developers, consultants, main contractors and the authorities.

Mr. Yeo has more than 10 years of experience in site planning and supervision, attending site meetings, as well as liaising with subcontractors in other trades, main contractors and the authorities, while employed as a project engineer with Trans Equatorial Pte. Ltd. and with Sennet Electrical Engineering Pte. Ltd subsequently. Prior to joining us, Mr. Yeo was with AP Lab Pte. Ltd and Progen Pte. Ltd. where he performed similar roles as a project manager.

Mr. Yeo holds a Diploma in Electrical Engineering from Ngee Ann Polytechnic.

5. Jin Changsheng, 37, 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 a 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, troubleshooting and servicing of commercial and centralised air-conditioning systems, cooling towers and ACMV systems.

Mr. Jin holds a Bachelor's Degree of Engineering from Shenyang University in 1998.

6. Jean Chu Kee Yong, 38, our 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.

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.

Ms. Chu holds a Diploma in Graphic Design from the Malaysian Institute of Art.

Financial Contents

Corporate Governance Report

The Board of Directors (the “**Board”**) of Libra Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) 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, and is guided by the principles and guidelines of the Singapore Code of Corporate Governance 2005 (the “**Code**”) issued by the Singapore Council on Corporate Disclosure and Governance.

This report describes the Company’s corporate governance practices with specific reference to the Code for the financial year ended 31 December 2011 (“**FY2011**”).

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The primary function of the Board is to protect shareholders’ interests and enhance long-term shareholder 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 corporate governance.

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

To assist the Board in the execution of its responsibilities, the board committees, namely the Audit Committee (the “**AC**”), Nominating Committee (the “**NC**”) and Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”), have been established and delegated certain functions. These Board Committees 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, 8 and 11 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. Board members 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 team. 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.

Corporate Governance Report

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.

Since the listing of the Company on 15 November 2011 to the end of the financial year under review, the number of Board and Board Committee meetings held and the attendance of each Director at the said meetings were as follows:

Directors' attendance at Board and Board Committee Meetings								
	Board Meetings		**Audit Committee Meetings**		**Nominating Committee Meetings**		**Remuneration Committee Meetings**	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Chu Sau Ben	1	1	1	1^	1	1^	1	1^
William Lee Kay Choon	1	1	1	1^	1	1^	1	1^
Yuen Sou Wai	1	1	1	1	1	1	1	1
Eng Meng Leong	1	1	1	1	1	1	1	1
Dr. Philip Tan Meng Ngee	1	1	1	1	1	1	1	1

^ : by invitation

All Directors are provided with regular updates on changes in the relevant laws and regulations 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.

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.

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. The majority of Directors joined the Board in FY2011 and the Independent Directors have experience in being directors of listed companies.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this report, the Board comprises five (5) Directors, out of whom three (3) are Independent Non-Executive Directors and the other two (2) are Executive Directors. As such, the requirement of the Code that at least one-third of the Board comprises Independent Directors is satisfied. 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 companies 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. The Independent Directors, namely Mr. Eng Meng Leong, Mr. Yuen Sou Wai and Dr. Philip Tan Meng Ngee, have confirmed that they do not have any relationship with the Company or its related companies 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 said Directors are independent.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Company'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. In particular, the Executive Directors have many years of experience in the industries that the Company currently operates in.

The NC considers the Board's present size adequate for effective decision-making, taking into account the nature and scope of the Company's operations. As the Company'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 NC provides constructive advice on the Group's strategic and business plans. They also review the performance of the Group and the effectiveness of the Board's processes and activities in meeting set objectives.

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.

PRINCIPLE 3: EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and chief executive officer ("**CEO**") are separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

As the CEO of the Group, Mr. William Lee Kay Choon overseas 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.

As the Executive Chairman, Mr. Chu Sau Ben is responsible for the overall management, strategic planning and business development of the Group. His board responsibilities have been set out below.

The division of responsibilities between the Chairman and CEO has been clearly established, set out in writing and agreed by the Board. The responsibilities of the Chairman 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; and
- promoting high standards of corporate governance.

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 Dr. Philip Tan Meng Ngee.

In accordance with the Code, the Chairman of the NC is not directly associated with the substantial shareholders of the Company.

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 such 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 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 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 make suggestions;

c) meetings with short-listed candidates to access 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.

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/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, Mr. Yuen Sou Wai, Mr. Eng Meng Leong and Dr. Phillip Tan Meng Ngee be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the Directors' overall contribution and performance.

The NC determines annually whether a Director with multiple board representations 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 25 of this Annual Report. Key information regarding the Directors is presented on pages 4 to 5 of this Annual Report.

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 the contribution of each individual Director 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) whistle-blowing matters;

e) measuring and monitoring performance;

f) recruitment and evaluation;

g) compensation for Board members and key executives;

h) succession planning;

i) financial reporting; and

j) communication with shareholders.

As the Company was recently listed, the consideration of the Company's share price performance over a five-year period is not applicable. However, the Board will review this performance criterion when relevant.

During the financial year under review, Directors were requested to complete a self-assessment checklist based on the above areas of assessment to assess the overall effectiveness of the Board. The results of these checklists were considered by the NC which then made recommendations to the Board, aimed at helping the Board to discharge its duties more effectively.

The NC has assessed the current Board's overall performance to-date and is of the view that the performance of the Board as a whole was satisfactory.

The NC will continue to review formal assessment processes for evaluating Board performance, as well as the contribution of individual Directors to the effectiveness of the Board. 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, Board members 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. 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.

The Board members 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 Committees 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**") and the Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). 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 its 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 independent professional advice at the Company's expense.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three (3) Independent Non-Executive Directors, namely Dr. Philip Tan Meng Ngee (Chairman of the RC), Mr. Yuen Sou Wai and Mr. Eng Meng Leong.

The RC recommends to the Board a framework of remuneration for the Directors and executive officers and determines specific remuneration packages and terms of employment for each Executive Director and any CEO (or executive of equivalent rank), if the CEO is not an Executive Director. The Company sets remuneration packages which will be able to attract, retain and motivate Directors and the executive officers without being excessive, thereby maximising shareholders' value.

The RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind are covered by the RC.

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

If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration of all Directors. The expenses arising from external professional advice (if any) shall be borne by the Company.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The Executive Directors do not receive Directors' fees. The performance-related elements of remuneration are designed to align interests of Executive Directors with those of the shareholders and link rewards to the Group's financial performance.

The Executive Directors have each entered into a service agreement with the Company in which terms of their employment are stipulated. Their initial term of employment is for a period of three (3) years from the date of admission of the Company to Catalist of the SGX-ST (the "**Initial Term**"). After the Initial Term, their employment will be automatically renewed annually. The service agreements do not contain onerous renewal clauses.

Save in respect of the Initial Term, the service agreement may be terminated by giving six (6) months' prior written notice or an amount equal to six (6) months' salary in lieu of such notice.

Under the service agreements, each of the Executive Directors shall be entitled to a discretionary bonus depending on his performance in each financial year.

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.

In settling remuneration packages, the Company considers the remuneration and employment conditions within the industry. If required, the Company will engage professional advice to provide guidance on remuneration matters.

CORPORATE GOVERNANCE REPORT

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 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 FY2011.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

A breakdown showing the level and mix of the remuneration of the Directors and key executives during FY2011 is as follows:

	Salary %	Variable Bonus %	Director's Fees %	Benefits %	Total %
(a) Directors					
Above S$250,000 but below S$500,000					
Chu Sau Ben	86	14	-	-	100
Below S$250,000					
William Lee Kay Choon	86	14	-	-	100
Yuen Sou Wai	-	-	100	-	100
Eng Meng Leong	-	-	100	-	100
Dr. Philip Tan Meng Ngee	-	-	100	-	100
(b) Key Executives					
Below S$250,000					
Thia Meng Chng	90	10	-	-	100
Lam Kee Shing	92	8	-	-	100
Ti Tiong Kwee	86	14	-	-	100
Yeo Qwee Siong Benjamin	86	14	-	-	100
Jin Changsheng	86	14	-	-	100
Chu Kee Yong	86	14	-	-	100

Chu Kee Yong is the Assistant Operations Manager of the Company. She is the sister of the Executive Chairman, Chu Sau Ben. Her remuneration does not exceed S$150,000 for the financial year under review.

Other than Chu Kee Yong, the Company does not have any other key executive who is an immediate family member of any Director and whose remuneration exceeded S$150,000 during FY2011.

PRINCIPLE 10: ACCOUNTABILITY

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

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

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. Financial reports and other price sensitive information, press releases and presentations made are disseminated to shareholders through SGXNET on a timely basis. The Company's annual report is sent to all shareholders and its half and full-year financial results are available on request.

The Management provides the Board with half-yearly management accounts that keep the Board informed of the Group's performance, position 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: AUDIT COMMITTEE

The AC comprises three (3) Independent Non-Executive Directors, namely Mr. Yuen Sou Wai (Chairman of the AC), Dr. Philip Tan Meng Ngee and Mr. Eng Meng Leong.

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 a 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 main functions:

- 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 scope, changes, results and cost effectiveness of the external and internal audit plan and process;
- reviewing the Group's 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;
- reviewing and evaluating, having regard to input from external auditors, the adequacy of the system of internal controls and compliance functions;

- 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 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;
- reviewing the effectiveness of the Company's internal audit functions; 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 has met with the external auditors without the presence of Management in February 2012.

The AC has reasonable resources to enable it to discharge its functions properly.

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 and is pleased to recommend their re-appointment at the forthcoming AGM.

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

Details of the activities of the AC are also provided under Principles 12 and 13 of this Report.

Whistle-blowing policy

The Company has adopted a whistle-blowing policy. The policy is intended to conform to the guidance set out in the Code which encourages employees 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 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 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 12: INTERNAL CONTROLS

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

The AC reviews on an annual basis the adequacy of the Company's internal financial controls, operational and compliance 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. However, it should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee against material misstatement or loss. Such internal controls and risk management functions are performed by the Group's key executives and the CEO and CFO have confirmed to the AC, the adequacy and effectiveness of the internal controls.

The Board recognises the benefit of an internal audit function and subsequent to the Company's admission to Catalist of the SGX-ST on 15 November 2011, the Company appointed BDO Consultants Pte Ltd ("**BDO**") as its internal auditor in February 2012 to conduct the internal audit review for the financial year ending 31 December 2012.

The Board, with the concurrence of the AC has reviewed the adequacy of the Group's internal controls and the management's reports on such controls and believe that, in the absence of any evidence to the contrary, the existing internal controls, including financial, operational and compliance controls and risk management systems that were in place from the date of listing up to the date of this report, are adequate to meet the needs of the Group in its current business environment. The Company will review the adequacy and effectiveness of its internal controls on an on-going basis and address any specific issues or risks whenever necessary.

PRINCIPLE 13: INTERNAL AUDIT

During the financial year under review, in connection with the IPO of the Company, a pre-IPO internal audit was carried out by RSM Ethos Pte Ltd. Post-IPO, the internal audit function is currently outsourced to BDO, which reports directly to the AC on audit matters and the Executive Chairman on administrative matters.

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, the AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

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 AC and the Board will review the internal audit report and the findings therein once BDO completes the internal audit of the Company.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

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 all material developments that impact the Group.

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. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. In addition, all shareholders will receive the Annual Report together with the Notice of AGM, which is also accessible through SGXNET.

PRINCIPLE 15: SHAREHOLDER PARTICIPATION

The Board supports the Code's principle to encourage shareholder participation at AGMs.

The Board encourages shareholders to attend AGMs to ensure a greater level of shareholders' participation and to meet with the Board and key management staff so as to stay informed of the Company's developments. 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 chairpersons of each of the Board Committees, and the Management as well as external auditors will be present at the AGM to address shareholders' queries.

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.

The Company will practise having separate resolutions at general meetings 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 AGMs and questions and comments from shareholders together with the respective responses. These will be made available to shareholders upon request.

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 FY2011 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 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.

NON-SPONSOR FEE

The nature of non-sponsor services that were rendered by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., to the Group and their related fees paid in FY2011 are as follows:-

Fees to act as the issue manager, sponsor and placement agent pursuant to the Company's IPO : S$454,200

AUDIT AND NON-AUDIT FEES

The aggregate amount of fees paid to the Company's auditors, Ernst & Young LLP are as follows:

Audit fees in relation to the Company's IPO	: S$288,000
Annual audit fees	: S$ 65,000
Non-audit fees in relation to tax services	: S$ 10,600

INTERESTED PERSON TRANSACTIONS

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 minority shareholders.

Save for the updated list of on-going interested person transactions set out below that were subsisting since the Company was admitted to Catalist of the SGX-ST on 15 November 2011 and a performance bond obtained from Liberty Insurance subsequently, there were no interested person transactions entered into by the Company during the period 15 November 2011 to 31 December 2011.

Corporate Governance Report

Financial Institution	Personal Guarantee provided by	Nature	Aggregate amount guaranteed S$'000	Outstanding amount as at 31 Dec 2011 S$'000
EQ Insurance	Chu Sau Ben and Lee Kay Choon	Performance bond	178	178
China Taiping Insurance	Chu Sau Ben and Lee Kay Choon	Security bond	1,154	929
China Taiping Insurance	Chu Sau Ben and Lee Kay Choon	Performance bond	79	79
China Taiping Insurance	Chu Sau Ben and Lee Kay Choon	Undertaking bond	60	60
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Bridging loan	400	153
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Working capital facility	300	123
Malayan Banking Berhad	Chu Sau Ben and Lee Kay Choon	LIS facility	500	489
Public Islamic Bank Berhad	Chu Sau Ben and Lee Kay Choon	Credit facility	121	114
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Bridging loan	500	174
Malayan Banking Berhad	Chu Sau Ben and Lee Kay Choon	LIS and LEFS facility	1,000	694
ORIX Capital Limited	Chu Sau Ben and Lee Kay Choon	Term loan facility	250	172
ORIX Capital Limited	Chu Sau Ben and Lee Kay Choon	Term loan facility	250	179
Standard Chartered Bank	Chu Sau Ben and Lee Kay Choon	Banking facility	700	549
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Working capital facility	500	254
ETHOZ Capital Ltd	Chu Sau Ben and Lee Kay Choon	Term loan facility	250	206
DBS Bank Ltd	Chu Sau Ben and Lee Kay Choon	Banking facility	1,000	112
SHC Capital Limited	Chu Sau Ben and Lee Kay Choon	Performance bond	20	20
Tai Sin Electric Limited	Chu Sau Ben and Lee Kay Choon	Purchase of materials	700	357
Liberty Insurance	Chu Sau Ben and Lee Kay Choon	Performance bond	209	209

The Group does not have a general mandate for recurrent interested person transactions.

USE OF IPO PROCEEDS UPDATE

Pursuant to the IPO, the Company received total proceeds of S$5,330,000 and as at 31 March 2012, the Company has utilised the amount as follows:

	Amount allocated (A) S$'000	Amount utilised as at 31 March 2012 (B) S$'000	Balance amount (A) – (B) S$'000
<u>Intended use as per Offer Document</u>			
Construction of factory and purchase of new equipment in Malaysia	300	-	300
Purchase of factory and office in Singapore	1,200	-	1,200
Explore opportunities in merger and acquisitions, joint ventures and strategic alliances	300	-	300
General working capital	3,530	3,530[1]	-
TOTAL	5,330	3,530	1,800

[1] This includes IPO expenses of approximately S$1.1 million

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 2011.

Directors

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

Chu Sau Ben	(appointed on 20 October 2010)
William Lee Kay Choon	(appointed on 20 October 2010)
Yuen Sou Wai	(appointed on 4 October 2011)
Eng Meng Leong	(appointed on 4 October 2011)
Dr. Philip Tan Meng Ngee	(appointed on 4 October 2011)

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company		
Chu Sau Ben	90	54,400,000
William Lee Kay Choon	10	6,600,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2012.

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' 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 2011, 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 Audit Committee 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 of Directors and the Audit Committee 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.

Auditors

In appointing the auditing firms for the Company and its subsidiary, the Directors have complied with Listing Rules 712 and 715.

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

On behalf of the board of directors:

Chu Sau Ben
Director

Lee Kay Choon
Director

Singapore
30 March 2012

Statement by Directors

We, Chu Sau Ben and William Lee Kay Choon, 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 statement of cash flows 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 2011 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

Lee Kay Choon
Director

Singapore
30 March 2012

Independent Auditors' Report
For the financial year ended 31 December 2011

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 30 to 78, which comprise the balance sheets of the Group and the Company as at 31 December 2011, and the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows 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.

Auditors' 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 Auditors' Report

For the financial year ended 31 December 2011

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 2011 and of 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
Certified Public Accountants

Singapore
30 March 2012

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

(Amounts in Singapore dollars)

	Note	2011	2010
		$	$
Revenue	4	22,675,258	29,784,996
Cost of sales		(15,839,249)	(20,399,763)
Gross profit		6,836,009	9,385,233
Other items of income			
Other income	5	320,351	118,052
Other items of expense			
Administrative expenses		(5,915,098)	(4,935,671)
Finance costs	6	(471,446)	(206,723)
Profit before tax	7	769,816	4,360,891
Income tax expense	10	(200,206)	(659,478)
Profit net of tax		569,610	3,701,413
Other comprehensive income, net of tax			
Foreign currency translation	23	17,311	6,853
Total comprehensive income attributable to owners of the Company		586,921	3,708,266
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	11	0.80	5.61

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

Balance Sheets
As at 31 December 2011

(Amounts in Singapore dollars)

		Group		Company	
	Note	2011	2010	2011	2010
		$	$	$	$
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,859,948	2,015,388	–	–
Investment in subsidiaries	13	–	–	8,241,589	–
		1,859,948	2,015,388	8,241,589	–
Current assets					
Gross amount due from customers for contract work-in-progress	16	12,456,998	10,252,047	–	–
Inventories	17	149,227	248,540	–	–
Prepaid operating expenses		465,955	187,213	–	103,588
Trade and other receivables	15	4,791,520	3,936,453	2,725,354	45,000
Cash and cash equivalents	18	4,800,799	392,988	2,610,352	100
		22,664,499	15,017,241	5,335,706	148,688
Total assets		24,524,447	17,032,629	13,577,295	148,688
EQUITY AND LIABILITIES					
Current liabilities					
Gross amount due to customers for contract work-in-progress	16	5,152	52,830	–	–
Trade and other payables	20	5,829,188	4,826,709	33,039	336,490
Other liabilities	21	651,405	1,100,214	25,333	–
Loans and borrowings	19	3,948,737	3,012,383	–	–
Income tax payable		376,784	862,965	8,790	–
		10,811,266	9,855,101	67,162	336,490
Net current assets/ (liabilities)		11,853,233	5,162,140	5,268,544	(187,802)
Non-current liabilities					
Loans and borrowings	19	351,512	531,725	–	–
Deferred tax liabilities	14	68,048	58,868	–	–
		419,560	590,593	–	–
Total liabilities		11,230,826	10,445,694	67,162	336,490
Net assets/(liabilities)		13,293,621	6,586,935	13,510,133	(187,802)

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

Balance Sheets
As at 31 December 2011

(Amounts in Singapore dollars)

		Group		Company	
	Note	2011	2010	2011	2010
		$	$	$	$
Equity attributable to owners of the Company					
Share capital	22	14,576,304	1,014,950	14,576,304	100
Foreign currency translation reserve	23	24,164	6,853	–	–
Merger reserve		(7,441,589)	–	–	–
Accumulated profits/(losses)		6,134,742	5,565,132	(1,066,171)	(187,902)
Total equity		13,293,621	6,586,935	13,510,133	(187,802)
Total liabilities and equity		24,524,447	17,032,629	13,577,295	148,688

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 2011

(Amounts in Singapore dollars)

	Share capital (Note 22)	Foreign currency translation reserve (Note 23)	Merger reserve	Accumulated profits	Total equity
	$	$	$	$	$
Group					
At 1 January 2010	800,000	–	–	1,863,719	2,663,719
Profit for the year	–	–	–	3,701,413	3,701,413
Other comprehensive income					
Foreign currency translation	–	6,853	–	–	6,853
Total comprehensive income for the year, net of tax	–	6,853	–	3,701,413	3,708,266
Contributions by owners					
Issuance of new ordinary shares, representing total contributions by owners	214,950	–	–	–	214,950
At 31 December 2010 and 1 January 2011	1,014,950	6,853	–	5,565,132	6,586,935
Profit for the year	–	–	–	569,610	569,610
Other comprehensive income					
Foreign currency translation	–	17,311	–	–	17,311
Total comprehensive income for the year, net of tax	–	17,311	–	569,610	586,921
Contributions by and distribution to owners					
Issuance of new ordinary shares pursuant to restructuring exercise	8,241,589	–	–	–	8,241,589
Adjustment pursuant to restructuring exercise	(1,014,850)	–	(7,441,589)	–	(8,456,439)
Conversion of convertible loan	1,133,333	–	–	–	1,133,333
Share-based compensation expense	450,180	–	–	–	450,180
Share issue expenses	(578,898)	–	–	–	(578,898)
Issuance of new ordinary shares pursuant to IPO	5,330,000	–	–	–	5,330,000
Closing balance at 31 December 2011	14,576,304	24,164	(7,441,589)	6,134,742	13,293,621

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 2011

(Amounts in Singapore dollars)

	Share capital (Note 22)	Accumulated losses	Total equity
	$	$	$
Company			
At 20 October 2010 (date of incorporation)	100	–	100
Loss for the period, representing total comprehensive income for the period	–	(187,902)	(187,902)
At 31 December 2010 and 1 January 2011	100	(187,902)	(187,802)
Loss for the period, representing total comprehensive income for the period	–	(878,269)	(878,269)
Total comprehensive income for the year, net of tax	–	(878,269)	(878,269)
Contributions by and distribution to owners			
Issuance of new ordinary shares pursuant to restructuring exercise	8,241,589	–	8,241,589
Conversion of convertible loan	1,133,333	–	1,133,333
Share-based compensation expense	450,180	–	450,180
Share issue expenses	(578,898)	–	(578,898)
Issuance of new ordinary shares pursuant to IPO	5,330,000	–	5,330,000
Closing balance at 31 December 2011	14,576,304	(1,066,171)	13,510,133

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 2011

(Amounts in Singapore dollars)

	Note	2011	2010
		$	$
Cash flows from operating activities			
Profit before tax		769,816	4,360,891
Adjustments:			
Depreciation of property, plant and equipment		265,297	249,798
Write-off of director-related company balances		6,134	–
Loss on disposal of property, plant and equipment		14,056	–
Fair value loss on derivative		81,938	–
Write back of accrued operating expense		(133,712)	–
Allowance for doubtful trade receivables		222,905	113,320
Share issue expenses		789,560	252,234
Interest expense		471,446	206,723
Share-based compensation expense		450,180	–
Translation difference		17,311	6,853
Operating cash flows before changes in working capital		2,954,931	5,189,819
(Increase)/decrease in:			
Gross amount due from customers for contract work-in-progress		(2,204,951)	(5,898,045)
Inventories		99,313	22,456
Prepaid operating expenses		(382,330)	(387,916)
Trade and other receivables		(1,298,956)	97,984
(Decrease)/increase in:			
Gross amount due to customers for contract work-in-progress		(47,678)	(19,210)
Trade and other payables		1,000,203	(108,451)
Other liabilities		(315,097)	712
Cash flows used in operations		(194,565)	(1,102,651)
Interest paid		(275,185)	(201,209)
Income tax paid		(677,207)	(73,884)
Net cash used in operating activities		(1,146,957)	(1,377,744)
Cash flows from investing activity			
Purchase of property, plant and equipment	12	(41,913)	(614,421)
Net cash used in investing activity		(41,913)	(614,421)
Cash flows from financing activities			
Proceeds from loans and borrowings		7,471,278	8,121,145
Repayments of loans and borrowings		(6,789,727)	(6,650,225)
Proceeds from issuance of new ordinary shares pursuant to the IPO		5,330,000	214,950
Proceeds from convertible loan		850,000	–
Payment of share issue expenses		(1,264,870)	–
Net cash from financing activities		5,596,681	1,685,870
Net increase/(decrease) in cash and cash equivalents		4,407,811	(306,295)
Cash and cash equivalents at 1 January		392,988	699,283
Cash and cash equivalents at 31 December	18	4,800,799	392,988

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

1. Corporation information

1.1 *The Company*

Libra Group Pte. Ltd. (the "Company") was incorporated as a private company limited by shares, in Singapore on 20 October 2010. On 4 October 2011, the Company was converted to a public limited company by shares and consequentially changed its name from "Libra Group Pte. Ltd." to "Libra Group Limited". The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) on 15 November 2011.

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 13 to the financial statements.

1.2 *The Restructuring Exercise*

The Group was formed through the restructuring exercise for the purpose of the invitation. Pursuant to the restructuring exercise, the Company became the holding company of the Group. The restructuring exercise involved the following steps:

(a) *Incorporation of the Company*

The Company was incorporated in Singapore on 20 October 2010 as an investment holding company with an initial paid-up capital of $100 comprising 100 ordinary shares allotted and issued to Chu Sau Ben and William Lee Kay Choon.

(b) *Transfer of entire equity interest in Libra Engineering Sdn Bhd ("Libra Engineering (Malaysia)") to Libra Engineering Pte. Ltd. ("Libra Engineering")*

On 8 June 2011, the Executive Directors, Chu Sau Ben and William Lee Kay Choon transferred 450,000 and 50,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering (Malaysia), comprising the entire equity interest in Libra Engineering (Malaysia) to Libra Engineering.

(c) *Acquisition of the entire equity interest in Libra Engineering and Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering")*

On 4 October 2011, the Company entered into a Share Swap Agreement with the Executive Directors, Chu Sau Ben and William Lee Kay Choon. Pursuant to the Share Swap Agreement, the Company acquired from Chu Sau Ben and William Lee Kay Choon 270,000 and 30,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering, comprising the entire equity interest in Libra Engineering, for an aggregate purchase consideration of $3,090,592. The purchase consideration was based on the unaudited net asset value of Libra Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis. Further to the Share Swap Agreement, the Company also acquired from Chu Sau Ben and William Lee Kay Choon 450,000 and 50,000 ordinary shares respectively in the issued and paid-up share capital of Kin Xin Engineering, comprising the entire equity interest in Kin Xin Engineering, for an aggregate consideration of $5,150,997. The purchase consideration was based on the unaudited net assets value of Kin Xin Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

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 that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 107 Disclosures – *Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 Deferred Tax: *Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2013
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2013
FRS 110 *Consolidated Financial Statements*	1 January 2013
FRS 111 *Joint Arrangements*	1 January 2013
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013

Except for the Amendments to FRS 1, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 is described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

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

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

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

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

A) Basis of consolidation

Basis of consolidation from 1 January 2010

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.

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 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.

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

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

B) Business combinations (cont'd)

Business combinations from 1 January 2010 (cont'd)

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. 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.

2.5 *Functional and foreign currency*

(a) *Functional currency*

The Group's consolidated 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.

(b) *Foreign currency transactions*

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 determined.

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

2.5 ***Functional and foreign currency (cont'd)***

(b) *Foreign currency transactions (cont'd)*

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.

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.

2.6 ***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 2.16. 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 cost less 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

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

2.6 ***Property, plant and equipment (cont'd)***

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.

2.7 ***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 to sell 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, 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. Summary of significant accounting policies (cont'd)

2.8 ***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.

2.9 ***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.

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.

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.

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

2.10 *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.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

2.12 ***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 activitiy at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction 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 the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual costs incurred can be compared with prior estimates.

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

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

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 costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervisor); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of 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 contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by single contracts are treated separately when:

- 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

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

2.12 ***Construction contracts (cont'd)***

A group of contracts are treated as a single construction 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

2.13 ***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".

2.14 ***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.

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.

2.15 ***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 and loss, directly attributable transaction costs.

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

2.15 ***Financial liabilities (cont'd)***

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised 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 derecognition 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.

2.16 ***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.

2.17 ***Convertible loans***

When convertible loans are issued, the liability component and the derivative component is separately presented on the balance sheet. On initial recognition, the embedded derivative component of the convertible loan is measured at its fair value and presented as part of derivative financial instruments. The loan component is recognised at its fair value determined using market interest rate for equivalent non-convertible bonds.

The derivative is subsequently measured at fair value through profit and loss and the loan is subsequently measured at amortised cost using the effective interest method.

On conversion, the financial liability component (including the embedded derivative) is derecognised with a corresponding recognition of share capital.

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

2.18 *Employee benefits*

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.

2.19 *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.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *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.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

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

2.20 ***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 2.12 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.

2.21 ***Taxes***

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

2.21 *Taxes (cont'd)*

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

- 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 utilised.

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.

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.

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

2.21 ***Taxes (cont'd)***

(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.

2.22 ***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 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 ***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.

2.24 ***Contingencies***

A contingent liability is:

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

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

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

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

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

2.24 ***Contingencies (cont'd)***

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.

2.25 ***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. However, 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 was $376,784 (2010: $862,965) and $68,048 (2010: $58,868) 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 the 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.

(a) *Useful lives of plant and equipment*

The Group's plant and equipment include computers, furniture and fittings, office equipment, renovation, motor vehicles, factory equipment and plant and machinery. The cost of plant and equipment is depreciated on a straight-line basis over their useful lives estimated to be within 3 to 10 years. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of these plant and equipment at 31 December 2011 was $1,360,311 (2010: $1,515,751).

(b) *Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

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

(c) *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 on 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 16 to the financial statements.

(d) *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 15 to the financial statements.

4. Revenue

	Group	
	2011	**2010**
	$	$
Construction revenue	16,985,726	24,078,638
Sale of goods	5,689,532	5,706,358
	22,675,258	29,784,996

5. Other income

	Group	
	2011	**2010**
	$	$
Recovery of bad debts	5,815	–
Write back of accrued operating expenses	133,712	–
Refund of excess legal fees paid	64,963	–
Sales of scrap materials	111,236	94,019
Grant income from Jobs Credit Scheme	–	18,235
Others	4,625	5,798
	320,351	118,052

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Government extended the Scheme with another two payments at stepped-down rates of 6% and 3% in March and June 2010 respectively. During the financial year ended 31 December 2010, the Group received grant income of $18,235 under the Scheme.

6. Finance costs

	Group	
	2011	**2010**
	$	$
Interest expense on:		
- Trust receipts	116,680	107,770
- Obligations under finance leases	34,735	42,589
- Term loans	111,754	53,261
- Factoring charges	6,407	–
- Convertible loan	201,395	–
Others	475	3,103
	471,446	206,723

7. Profit before tax

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

	Group	
	2011	2010
	$	$
Audit fee		
- Auditors of the Group	65,000	45,000
Non-audit fee		
- Auditors of the Group	200,680	6,000
Total audit and non-audit fees	265,680	51,000
Depreciation of plant and equipment	265,297	249,798
Personnel expenses (Note 8)	5,635,237	6,272,779
Legal expenses	42,132	81,338
Allowance for doubtful trade receivables	222,905	113,320
Loss on disposal of property, plant and equipment	14,056	–
Fair value loss on derivative	81,938	–
Write-off of director-related company balances	6,134	–
Operating lease expense (Note 24(a))	927,856	716,610
Share issue expenses	789,560	252,234

8. Personnel expenses

	Group	
	2011	2010
	$	$
Salaries, wages and bonuses	4,573,209	5,193,475
Central Provident Fund contributions	205,877	149,358
Foreign worker levy	497,861	542,239
Medical expenses	14,218	34,881
Accommodation	310,545	324,482
Others	33,527	28,344
	5,635,237	6,272,779

9. Related party transactions

In addition to the related party information disclosed elsewhere in the consolidated 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) *Sale and purchase of goods and services*

	Group	
	2011	**2010**
	$	$
With related company:		
Expense		
Repair and maintenance services rendered	–	46,800

(b) *Compensation of key management personnel*

Salaries and bonuses	1,079,721	783,946
Central Provident Fund contributions	92,323	58,031
Other	–	9,704
	1,172,044	851,681
Comprises amounts paid to:		
Directors of the Company	620,881	503,760
Other key management personnel	551,163	347,921
	1,172,044	851,681

(c) *Personal guarantees by directors*

As at 31 December 2011, certain directors of the Company have provided personal guarantees amounting to approximately $3,219,000 (2010: $2,516,000) to secure certain loans and borrowings of the Group as disclosed in Note 19 to the financial statements.

As at 31 December 2011, certain directors of the Company have provided personal guarantees amounting to approximately $546,000 (2010: $177,500) to secure performance bonds of the Group.

As at 31 December 2011, certain directors of the Company have provided personal guarantees amounting to approximately $929,000 (2010: $1,260,000) to secure security bonds for the foreign workers of the Group.

As at 31 December 2011, certain directors of the Company have provided personal guarantees amounting to approximately $357,000 (2010: $151,000) to a supplier to secure the supply of raw materials for the Group.

10. Income tax

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Note	Group 2011	Group 2010
		$	$
Statement of comprehensive income:			
Current income tax			
- Current year income tax expense		236,239	618,876
- (Over)/under provision of income tax in respect of prior year		(45,213)	11,534
Deferred income tax	14		
- Origination of temporary differences		9,180	29,068
Income tax expense recognised in profit or loss		200,206	659,478

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group 2011	Group 2010
	$	$
Profit before tax	769,816	4,360,891
Tax at the domestic rates applicable to profits in the countries where the Group operates	129,135	739,491
Adjustments:		
Non-deductible expenses	263,680	87,435
Effect of partial tax exemption and tax deduction	(163,929)	(188,419)
Income not subject to tax	–	(3,423)
Deferred tax asset not recognised	4,748	5,819
(Over)/under provision in respect of previous years	(45,212)	11,534
Others	11,784	7,041
Income tax expense recognised in profit or loss	200,206	659,478

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

The corporate income tax rate applicable to the enterprises in Singapore are subjected to a tax rate of 17% in FY2011 (2010: 17%).

Libra Engineering (Malaysia) is subjected to a tax rate of 25% in FY2011 (2010: 25%).

11. Earnings per share

Earnings per share is calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average issued share capital of 70,829,260 (2010: 66,000,000*) ordinary shares during the financial year ended 31 December 2011.

Diluted earnings per share amounts are calculated by dividing profit for the year, 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 and share data used in the computation of basic and diluted earnings per share for the year ended 31 December 2011:

	2011
	$
Profit net of tax, attributable to owners of the Company	569,610
Add back: Interest expense on convertible loan	201,395
Add back: Fair value loss on convertible loan	81,938
Profit net of tax, attributable to owners of the Company used in the computation of diluted earnings per share	852,943
	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	70,829,260
Effect of dilution:	
- Convertible loan	1,060,164
Weighted average number of ordinary shares for diluted earnings per share computation	71,889,424

* Adjusted for share split retrospectively.

As at 31 December 2011, the potential ordinary shares are anti-dilutive in effect, as such there is no difference in the diluted and basic earnings per share presented.

As at 31 December 2010, 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.

12. Property, plant and equipment

	Land	Computer	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Factory equipment	Plant and machinery	Total
	$	$	$	$	$	$	$	$	$
Group									
Cost:									
At 1 January 2010	–	46,890	164,066	944,979	53,588	85,330	66,220	1,152,031	2,513,104
Additions	499,637	34,423	20,363	–	14,441	11,351	3,950	30,256	614,421
At 31 December 2010 and 1 January 2011	499,637	81,313	184,429	944,979	68,029	96,681	70,170	1,182,287	3,127,525
Additions	–	19,446	2,026	92,000	3,341	–	7,100	–	123,913
Disposals	–	–	(71,982)	–	(7,222)	–	–	–	(79,204)
At 31 December 2011	499,637	100,759	114,473	1,036,979	64,148	96,681	77,270	1,182,287	3,172,234
Accumulated depreciation:									
At 1 January 2010	–	30,323	58,283	256,444	21,434	15,639	18,749	461,467	862,339
Depreciation charge for the year	–	15,088	31,317	80,889	9,678	18,374	5,797	88,655	249,798
At 31 December 2010 and 1 January 2011	–	45,411	89,600	337,333	31,112	34,013	24,546	550,122	1,112,137
Depreciation charge for the year	–	20,013	34,030	85,332	11,068	19,336	6,509	89,009	265,297
Disposals	–	–	(57,926)	–	(7,222)	–	–	–	(65,148)
At 31 December 2011	–	65,424	65,704	422,665	34,958	53,349	31,055	639,131	1,312,286
Net carrying amount:									
At 31 December 2010	499,637	35,902	94,829	607,646	36,917	62,668	45,624	632,165	2,015,388
At 31 December 2011	499,637	35,335	48,769	614,314	29,190	43,332	46,215	543,156	1,859,948

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

Assets held under finance lease

(a) During the financial years ended 31 December 2011 and 2010 the cash outflows on purchase of plant and equipment were as follows:

	Group	
	2011	**2010**
	$	$
Aggregate cost of property, plant and equipment acquired	123,913	614,421
Less: Acquired by means of finance lease	(82,000)	–
Cash outflows on acquisition of property, plant and equipment	41,913	614,421

(b) As at 31 December 2011 and 2010, the carrying amount of plant and equipment held under finance leases were as follows:

Motor vehicles	578,506	567,184
Factory equipment	17,067	19,911
Plant and machinery	459,714	535,194
	1,055,287	1,122,289

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

13. Investment in subsidiaries

	Company	
	2011	**2010**
	$	$
Shares, at cost	8,241,589	–

13. Investment in subsidiaries (cont'd)

The Company has the following subsidiaries as at 31 December:

Name	Country of incorporation	Principal activity	Effective equity interest held by the Group	
			2011	2010
			%	%
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	100	100
Libra Engineering Pte. Ltd. ("Libra Engineering") [1]	Singapore	Manufacturing and sale of ACMV ducts and trading of ACMV related products	100	100
Libra Engineering Sdn Bhd ("Libra Malaysia") [2]	Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Se Lai Associates, Malaysia

For the financial year ended 31 December 2010, the results of Kin Xin, Libra Engineering and Libra Malaysia was combined with the Company on the basis that they were under common control by Chu Sau Ben and William Lee Kay Choon. Accordingly, the equity interests in Kin Xin, Libra Engineering and Libra Malaysia held by the Company are deemed to be 100%.

14. Deferred tax

Deferred tax as at 31 December relates to the following:

	Consolidated balance sheets		Consolidated income statement	
	2011	2010	2011	2010
	$	$	$	$
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(68,048)	(58,868)	9,180	29,068

14. Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, Libra Engineering (Malaysia) has tax losses of approximately $18,991 (2010: $23,274) that are available for offset against future taxable profit, 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 provisions of the tax legislation in Malaysia.

15. Trade and other receivables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Trade receivables	4,488,313	3,717,143	–	–
Retention receivables	45,428	60,022	–	–
Other receivables	257,779	143,554	–	–
Amounts due from related companies	–	15,734	2,725,354	45,000
	4,791,520	3,936,453	2,725,354	45,000
Add: Cash and cash equivalents (Note 18)	4,800,799	392,988	2,610,352	100
Total loans and receivables	9,592,319	4,329,441	5,335,706	45,100

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 $2,262,299 (2010: $2,462,718) 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	
	2011	**2010**
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	568,620	708,163
31 to 90 days	678,120	836,794
More than 91 days	1,015,559	917,761
	2,262,299	2,462,718

15. 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:

Trade receivables – nominal amounts	386,590	348,636
Less: Allowance for impairment	(216,619)	(164,406)
	169,971	184,230
Movement in allowance accounts:		
At 1 January	164,406	105,668
Charge for the year	222,905	113,320
Written back	(1,000)	–
Written off	(169,692)	(54,582)
At 31 December	216,619	164,406

Other receivables

Other receivables are unsecured, non-interest bearing and repayable on demand.

Amounts due from related companies

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

As at 31 December 2011, the Group has written off amount due from a director-related company amounting to $6,134 with a nominal amount of $6,134.

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

	Group	
	2011	**2010**
	$	$
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	69,662,045	50,071,153
Less: Progress billings	(57,210,199)	(39,871,936)
	12,451,846	10,199,217
Presented as:		
Gross amount due from customers for contract work	12,456,998	10,252,047
Gross amount due to customers for contract work	(5,152)	(52,830)
	12,451,846	10,199,217
Retention sums on construction contracts included in gross amount due from customers for contract work	2,571,595	2,213,585
Retention sums on construction contracts included in trade and other receivables	45,428	60,022

17. Inventories

	Group	
	2011	2010
	$	$
Balance sheet:		
Raw materials	149,227	248,540
Statement of comprehensive income:		
Inventories recognised as an expense in cost in sales	10,968,794	14,540,240

18. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Cash at banks and on hand	4,800,799	392,988	2,610,352	100

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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

	Group	
	2011	2010
	$	$
Malaysian Ringgit	13,926	63,644

19. Loans and borrowings

		Group	
	Maturity	2011	2010
		$	$
Current:			
Factoring loan		115,918	–
Trust receipts		2,113,268	1,588,041
Obligations under finance lease (Note 24(b))	2012	249,831	260,794
Term loans:			
- 12.99% p.a. fixed rate SGD loan [1]		–	14,037
- 10.88% p.a. fixed rate SGD loan [2]		–	29,071
- 7.00% p.a. fixed rate SGD loan [3]	2012	254,362	–
- 6.50% p.a. fixed rate SGD loan [4][10]	2013	123,253	222,115
- 6.25% p.a. fixed rate SGD loan [5]	2012	173,639	420,935
- 6.00% p.a. fixed rate SGD loan [6][10]	2013	152,793	285,305
- 5.50% p.a. fixed rate SGD loan [7]	2012	94,378	192,085
- 3.75% p.a. fixed rate SGD loans [8][10]	2014	385,092	–
- 3.50% p.a. fixed rate SGD loan [9][10]	2013	172,343	–
- RM loan at 1.25% p.a. above bank's base financing rate		113,860	–
Total term loans		1,469,720	1,163,548
		3,948,737	3,012,383
Non-current:			
Obligations under finance lease (Note 24(b))	2012-2016	351,512	531,725
Total loans and borrowings		4,300,249	3,544,108

Factoring loans

Factoring loan bears interest at 6.50% p.a. and is secured by personal guarantee from a director.

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 (2010: 60 to 120 days) and bear interest of 6.50% to 7.50% p.a. (2010: 7.00% to 7.50% p.a.).

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 8.75% per annum (2010: 4.53% to 8.75% per annum).

19. Loans and borrowings (cont'd)

Term loans

(1) This loan is repayable by monthly instalments over three years. The loan has been fully repaid as at 31 December 2011.

(2) This loan is repayable by monthly instalments over five years and is secured by a deed of guarantee and indemnity of all monies from a director. The loan has been fully repaid as at 31 December 2011.

(3) The loan is secured by joint and several guarantee from the directors and is repayable by monthly instalments over one year.

(4) The loan is secured by personal guarantees from the directors, corporate guarantee from a related company and is repayable by monthly instalments over three years.

(5) The loan is secured by joint and several guarantee from the directors and is repayable by monthly instalments over two years.

(6) The loan is secured by joint and several guarantee from the directors and is repayable by monthly instalments over three years.

(7) The loan is secured by personal guarantee from the directors and is repayable by monthly instalments over two years.

(8) These 2 loans are secured by joint and personal guarantee from the directors and are repayable by monthly instalments over three years.

(9) The loan is secured by joint and several guarantee from the directors and is repayable by monthly instalments over three years.

(10) 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 were not scheduled for repayment within twelve months after the reporting date based on the scheduled repayment dates in the loan facility agreements.

20. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Trade payables	5,300,566	4,101,075	–	–
GST payables	39,745	238,227	–	–
Professional fee payables	30,665	284,572	18,544	–
Retention payables	199,689	–	–	–
Operating lease payables	20,437	64,579	–	–
Other payables	238,086	121,195	14,495	1,668
Amounts due to related companies (non-trade)	–	–	–	334,822
Amounts due to directors	–	17,061	–	–
	5,829,188	4,826,709	33,039	336,490
Add: Accrued operating expenses (Note 21)	145,103	180,291	7,000	–
Add: Loans and borrowings (Note 19)	4,300,249	3,544,108	–	–
Total financial liabilities carried at amortised costs	10,274,540	8,551,108	40,039	336,490

Trade and other payables

Trade and other payables 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	
	2011	2010
	$	$
Malaysian Ringgit	108,473	100,015

Amounts due to related companies (non-trade)

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

Amounts due to directors (non-trade)

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

21. Other liabilities

	Group		Group	
	2011	2010	2011	2010
	$	$	$	$
Accrued salaries and bonuses	506,302	919,923	18,333	–
Accrued operating expenses	145,103	180,291	7,000	–
	651,405	1,100,214	25,333	–

22. Share capital

	Group	
	2011	
	No. of shares	$
Issued and fully paid ordinary shares:		
At 20 October 2010, date of incorporation	100	100
Issuance of new ordinary shares pursuant to the restructuring exercise (Note 1.2)	999,900	8,241,589
	1,000,000	8,241,689
Share split[(1)]	66,000,000	8,241,689
Conversion of convertible loan[(2)]	5,528,000	1,133,333
Share issue expenses	–	(578,898)
Share-based compensation expense	2,196,000	450,180
Issuance of new ordinary shares pursuant to the Company's initial public offering	26,000,000	5,330,000
At 31 December	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.

(1) Pursuant to a shareholders' resolution dated 15 December 2010, every one ordinary share in the share capital of the Company was sub-divided into 66 ordinary shares

(2) Pursuant to the investment agreement entered into between the Company and the Pre-IPO investor on 25 October 2011, the Company issued a $850,000 convertible loan for cash to the Pre-IPO investor. On 25 October 2011, the Pre-IPO investor exercised her right to convert the convertible loan into shares of the Company at a discount of 25% to the initial public offering price.

On initial recognition of the convertible loan, the carrying amount of the liability component is the residual amount after separating the embedded derivative. Interest expense and fair value adjustment on derivative financial liability is recognised in Finance costs (Note 6) and Administrative expenses (Note 7) respectively. Upon the conversion of the convertible loan, the carrying amount of the liability component and derivative financial liability are derecognised and recorded in Share capital.

23. 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	
	2011	**2010**
	$	$
At 1 January	6,853	–
Translation difference	17,311	6,853
At 31 December	24,164	6,853

24. 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 2011 amounted to $927,856 (2010: $716,610).

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

	Group	
	2011	**2010**
	$	$
Not later than one year	418,741	297,125
Later than one year but not later than two years	21,513	–
	440,254	297,125

24. 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:

	Minimum lease payments 2011 $	Present value of payments 2011 $	Minimum lease payments 2010 $	Present value of payments 2010 $
Within one year	277,260	249,831	296,289	260,794
After one year and not later than five years	399,760	351,512	594,997	525,936
Later than five years	–	–	6,808	5,789
Total minimum lease payments	677,020	601,343	898,094	792,519
Less: Amounts representing finance charges	(75,677)	–	(105,575)	–
Present value of minimum lease payments	601,343	601,343	792,519	792,519

25. Fair value of financial instruments

(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 15), cash and cash equivalents (Note 18), trade and other payables (Note 20), other liabilities (Note 21) and loans and borrowings except for non-current obligations under finance leases (Note 19)

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.

25. 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:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	351,512	371,241	531,725	558,263

Determination of fair value

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

26. 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, except as disclosed in Note 26 (a) Credit risk section.

(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.

26. 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. There is no significant concentration of credit risk by customers within the Group.

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 42% (2010: 44%) 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 15 (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 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 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. At the end of the reporting period, approximately 92% (2010: 85%) of the Group's loans and borrowings (Note 19) will mature in less than one year based on the carrying amount reflected in the financial statements.

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.

26. 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	Over five years	Total
	$	$	$	$
2011				
Financial assets:				
Trade and other receivables	4,791,520	–	–	4,791,520
Cash and cash equivalents	4,800,799	–	–	4,800,799
Total undiscounted financial assets	9,592,319	–	–	9,592,319
Financial liabilities:				
Trade and other payables	5,829,188	–	–	5,829,188
Other liabilities	651,405	–	–	651,405
Loans and borrowings	3,948,737	399,760	–	4,348,497
Total undiscounted financial liabilities	10,429,330	399,760	–	10,829,090
Total net undiscounted financial liabilities	(837,011)	(399,760)	–	(1,236,771)

	One year or less	One to five years	Over five years	Total
	$	$	$	$
2010				
Financial assets:				
Trade and other receivables	3,936,453	–	–	3,936,453
Cash and cash equivalents	392,988	–	–	392,988
Total undiscounted financial assets	4,329,441	–	–	4,329,441
Financial liabilities:				
Trade and other payables	4,826,709	–	–	4,826,709
Other liabilities	1,100,214	–	–	1,100,214
Loans and borrowings	3,012,383	594,997	6,808	3,614,188
Total undiscounted financial liabilities	8,939,306	594,997	6,808	9,541,111
Total net undiscounted financial liabilities	(4,609,865)	(594,997)	(6,808)	(5,211,670)

26. 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 financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash at bank and floating rate trust receipts for the financial years ended 31 December 2011 and 2010.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2010: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been $21,353 lower/higher (2010: $10,457 higher/lower), arising mainly as a result of lower/higher interest expense on floating rate trust receipts and lower/ higher interest income from cash at banks balances.

Sensitivity analysis for foreign currency risks

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 is Malaysian Ringgit (RM). Approximately 1% (2010: 3%) of costs are denominated in foreign currencies. The Group's trade payable balances at the end of the reporting period have similar exposures.

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

		Group	
		Profit before tax	
		2011	**2010**
		$	$
RM/SGD	- strengthened 5% (2010: 5%)	(4,502)	(4,151)
	- weakened 5% (2010: 5%)	4,502	4,151

27. 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 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 55% and 75%. 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 equity holders.

27. Capital management (cont'd)

	Note	Group 2011	Group 2010
		$	$
Trade and other payables	20	5,829,188	4,826,709
Other liabilities	21	651,405	1,100,214
Loans and borrowings	19	4,300,249	3,544,108
Less: Cash and cash equivalents	18	(4,800,799)	(392,988)
Net debt		5,980,043	9,078,043
Equity attributable to equity holders		13,293,621	6,586,935
Capital and net debt		19,273,664	15,664,978
Gearing ratio		31%	58%

28. 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.

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

Management monitors the operating resulting 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.

28. Segment reporting (cont'd)

	Mechanical & electrical	Manufacturing	Adjustments & eliminations	Note	Total
	$	$	$		$
31 December 2011					
Revenue:					
External customers	16,985,726	5,689,532	–		22,675,258
Inter-segment	2,643	1,521,402	(1,524,045)	A	–
Total revenue	16,988,369	7,210,934	(1,524,045)		22,675,258
Results:					
Segment gross profit	4,426,063	1,875,947	533,999	B	6,836,009
Segment profit	1,151,326	505,700	(887,210)	C	769,816
Assets:					
Trade receivables	2,647,377	1,840,936	–		4,488,313
Segment assets	17,676,141	7,115,470	(267,164)	D	24,524,447
Liabilities:					
Loans and borrowings	2,631,783	1,554,605	113,861	E	4,300,249
Segment liabilities	12,442,534	4,307,150	(5,518,858)	D	11,230,826
31 December 2010					
Revenue:					
External customers	24,078,638	5,706,358	–		29,784,996
Inter-segment	641	2,832,545	(2,833,186)	A	–
Total revenue	24,079,279	8,538,903	(2,833,186)		29,784,996
Results:					
Segment gross profit	6,655,676	2,223,480	506,077	B	9,385,233
Segment profit	3,298,739	1,273,337	(211,185)	C	4,360,891
Assets:					
Trade receivables	1,520,955	2,196,188	–		3,717,143
Segment assets	13,685,084	5,575,202	(2,227,657)	D	17,032,629
Liabilities:					
Loans and borrowings	2,307,909	1,236,199	–	E	3,544,108
Segment liabilities	9,421,550	3,262,419	(2,238,275)	F	10,445,694

28. Segment reporting (cont'd)

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 expense 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.

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 2011 and 2010.

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

	2011	
	Revenue	Non-current assets
	$	$
Singapore	22,675,258	1,360,311
Malaysia	–	499,637
	22,675,258	1,859,948

Non- current assets information presented above consist of property, plant and equipment as presented in the balance sheets.

28. Segment reporting (cont'd)

Information about major customers

Revenue from two (2010: two) of the Group's major customers amounted to $8,271,613 (2010: $12,659,640), arising from the Mechanical and Electrical segment.

29. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 30 March 2012.

Statistics Of Shareholdings

As at 19th March 2012

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	132	23.49	1,046,000	1.05
10,001 – 1,000,000	422	75.09	27,601,000	27.68
1,000,001 and above	8	1.42	71,077,000	71.27
Total	**562**	**100.00**	**99,724,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Chu Sau Ben	54,400,000	54.55
2	Lee Kay Choon	6,600,000	6.62
3	PrimePartners Corporate Finance Pte Ltd	2,196,000	2.20
4	Phillip Securities Pte Ltd	1,894,000	1.90
5	OCBC Securities Private Ltd	1,884,000	1.89
6	Seow Tiong Siah	1,500,000	1.50
7	Kerr Lay Kheng	1,382,000	1.39
8	Paul Go Kian Lee	1,221,000	1.22
9	Loh Song Quee	1,000,000	1.00
10	Maybank Kim Eng Securities Pte Ltd	597,000	0.60
11	Koh Meng Choo	580,000	0.58
12	Leyau Yew Teck	500,000	0.50
13	Chua Chui Fung (Cai Qiufen)	470,000	0.47
14	Wong Cheow Lin	400,000	0.40
15	Lim Yau Song	352,000	0.35
16	Sim Lye Huat	340,000	0.34
17	Ho Bun Hoi	300,000	0.30
18	Ng Boon Choo	300,000	0.30
19	Ng Seng Lin	300,000	0.30
20	Lam Yee Shen	264,000	0.26
	TOTAL	**76,480,000**	**76.67**

Statistics Of Shareholdings

As at 19th March 2012

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 19 March 2012 are:

	No. of Ordinary Shares			
Name	Direct Interest	%	Indirect Interest	%
Chu Sau Ben	54,400,000	54.55	-	-
William Lee Kay Choon	6,600,000	6.62	-	-

PUBLIC FLOAT

Based on the information available to the Company as at 19 March 2012, approximately 38.83% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Rules of Catalist.

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 190 Ang Mo Kio Avenue 8, Singapore 568046 on Monday, 23 April 2012 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 2011 together with the Auditors' Report thereon.
(Resolution 1)

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

   Mr. Chu Sau Ben **(Resolution 2)**

   Mr. Chu Sau Ben will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

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

   Mr. Yuen Sou Wai **(Resolution 3)**
   Mr. Eng Meng Leong **(Resolution 4)**
   Dr. Philip Tan Meng Ngee **(Resolution 5)**

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

   Mr. Eng Meng Leong will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

   Dr. Philip Tan Meng Ngee will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

4. To approve the payment of Directors' fees of S$18,333.33 pro-rated for the financial year ended 31 December 2011 (2010: Nil). **(Resolution 6)**

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

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

7. **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) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to 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) of the Company (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 the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the time this Resolution is passed after adjusting for:-

(i) new Shares arising from the conversion or exercise of any Instruments or 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.

Notice of Annual General Meeting

(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 8)**

8. **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 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 Explantory Note (ii)]

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary

Singapore, 5 April 2012

Explanatory Note:

(i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or 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) of which the total number of Shares and/or convertible securities issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, is to empower the Directors to offer and grant awards and to issue Shares in the capital of the Company 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 in the capital of the Company (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.

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 190 Ang Mo Kio Avenue 8, Singapore 568046 on Monday, 23 April 2012 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	Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2011		
2	Re-election of Mr. Chu Sau Ben as a Director of the Company		
3	Re-election of Mr. Yuen Sou Wai as a Director of the Company		
4	Re-election of Mr. Eng Meng Leong as a Director of the Company		
5	Re-election of Dr. Philip Tan Meng Ngee as a Director of the Company		
6	Approval of Directors' fees amounting to S$18,333.33 for the financial year ended 31 December 2011		
7	Re-appointment of Ernst & Young LLP as auditors of the Company		
8	General authority to allot and issue shares		
9	Authority to grant Awards and allot and issue new shares under the Libra Performance Share Plan.		

Dated this __________ day of ____________________ 2012

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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