LIBRA
GROUP LIMITED

Consolidating Values

Annual Report 2012

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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

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

Home-grown Libra Group Limited ("Libra") (and together with its subsidiaries, the "Group") is principally engaged in the business of providing integrated mechanical and electrical engineering ("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.

Our Group remains focused on ensuring high product quality and reliable customer deliveries. We have established a strong reputation as a service-oriented and reliable solutions provider in M&E Services which meets the needs of customers through our manufactured products. Our Group had successfully renewed our ISO 9001:2008 and bizSAFE certifications during the financial year ended 31 December 2012, underlining our unwavering commitment to quality, workplace safety and health.

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 2012 ("FY2012")

Dear Shareholders,

2012 was the first full financial year of normalised operations for the Group subsequent to the completion of our Group's restructuring exercise and our initial public offering on 15 November 2011. Overall, the Group achieved encouraging financial performance in FY2012 as our revenue rose to S$28.67 million, representing an increase of S$5.99 million, as compared to S$22.68 million recorded in the previous financial year ended 31 December 2011 ("FY2011").

Financial Year Under Review

Our Group's revenue is now back on the growth track as revenue for FY2012 rose 26.4% over the past financial year from S$22.68 million to S$28.67 million, due to higher revenue recorded for both M&E Services and Manufacturing segments. The increase in revenue was mainly due to an increase in the level of construction activities in Singapore particularly in the second half of FY2012. In line with the increase in revenue, our overall gross profit increased by S$1.83 million from S$6.84 million in FY2011 to S$8.67 million in FY2012. Our gross profit margin improved slightly from 30.1% in FY2011 to 30.2% in FY2012.

While we registered healthy revenue growth and had contained our operational costs, we recorded a loss of S$2.92 million in FY2012 from a profit of S$0.77 million in FY2011 mainly due to allowance for doubtful debts and the writing off and provisioning of gross amount due from certain specific customers for contract work-in-progress totalling S$5.52 million during the financial year.

Business and Operations

With the continual support of our valued customers, 2012 had presented our Group with growth opportunities as we were awarded a total of six (6) major sub-contracts; four (4) in commercial developments and two (2) in residential developments.

In FY2012, our Group substantially completed sub-contract works for four (4) major commercial projects, three (3) condominium developments and two (2) factories. In 2013, we shall continue with our projects secured at seven (7) large residential developments, a commercial development, a church development as well as a sports hub. These sub-contracts are expected to contribute positively to our Group's revenue for the next two (2) financial years.

Outlook and Plans

The industry in which the Group operates in is expected to face continued challenges. Nevertheless, our Group, through our subsidiary, Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering"), has been focusing on building on our strength of providing integrated M&E Services and with our efforts, we remain being endorsed as a hallmark of quality. Kin Xin Engineering has successfully participated in new reputable development projects of increasing scale and we are confident of securing more of such projects. As a testament to the growing industrial confidence in our technical expertise and track record, we were awarded a sub-contract for a proposed executive condominium development at Canberra Drive/Yishun Avenue 7 in December 2012. This sub-contract, worth approximately S$13.3 million, is scheduled to be completed in 2014.

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

Overall, we remain cautiously optimistic about our outlook as we move into 2013 and will continue to adopt a responsible and balanced approach in managing our business as we scale new heights. Our Group's healthy financial and cash flow position will enhance our ability to remain resilient as we seek opportunities for growth amid the challenging operating environment.

Appreciation

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

Yours sincerely,

Chu Sau Ben
Executive Chairman

主席致辞

尊敬的股东们：

我很荣幸地代表天秤集团有限公司董事会，呈现我们集团截至2012年12月31日的财政年度报告。

重要里程碑

2012年是我们集团继架构重组和2011年11月15日首次公开发行后的第一个完整的财政年。总体而言，我们取得了令人鼓舞的财务业绩。我们的收入在2012财政年增至2867万新元，比上一财政年度（截至2011年12月31日）的2268万新元，增长了599万新元。

年度回顾

由于在机电工程服务和制造业领域都创造了更好的效益，集团的收入步入了增长的轨道。从2011财政年的2268万新元到2012财政年的2867万新元，我们取得了收入同比增长26.4%的好成绩。随着总收入的增加，我们的总利润也从2011财政年的684万新元增长到了2012财政年的867万新元，总计增长了183万新元。同时，我们的毛利率从2011财政年的30.1%小幅增长到2012财政年的30.2%。

然而在集团收入健康增长的同时，数据显示，包含我们的运营成本在内，2012财政年亏损计292万新元。本财政年的亏损主要是由于对某些特定客户的应收账款和在建工程金额的坏账准备计提和冲销，共计552万新元。

商机与运营

我们尊贵客户的不断支持下在2012年里给集团提供了很好的发展机会。我们总共获得了六(6)份主要的分包合同，其中四(4)份是商业发展项目合同，两(2)份是住宅发展项目合同。

在2012财政年，我们集团大致完成的分包合同中，包括了四(4)个为主要商业项目，三(3)个为公寓开发项目，另外两(2)个是工厂项目。我们将在2013年中继续致力于完成我们已经获得的七(7)个大型住宅区项目，一(1)个商业开发项目，一(1)个教会发展项目以及新加坡体育中心项目。这些分包合同将为我们集团在2013财政年度及以后的收入做出积极贡献。

展望未来

在未来几年，我们的行业预计将面临持续的挑战。然而，我们集团通过子公司，Kin Xin Engineering Pte. Ltd.（“金鑫工程”），将发展重点放在综合机电系统服务领域，并且努力坚持质量第一的一贯原则。金鑫工程已经成功参与了一些新的著名开发项目，项目的规模也越来越大。因此，我们有信心争取更多这样的项目。集团最近签订的一份分包合同见证了我们的技术专长在本行业的发展，同时也成为了我们一个新的记录。该分包合同是在Canberra Drive/Yishun Avenue 7的共管公寓开发项目，价值约1330万新元，并预计在2014年完工。

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

总的来说，在进入2013年之际，我们对我们的前景保持乐观，并将继续采取负责任和平衡的方式管理我们的业务，从而使我们的业务规模再创新高。我们集团健康的财务和资金状况，也是我们在发展中面对挑战时的坚实基础。

致谢

最后，我想借此机会感谢我们的股东、客户、供应商、分包商和银行家给予天秤集团有限公司的一贯支持和信心。同时我也要感谢我们的管理团队和全体员工的无私奉献和努力工作，以及其他董事会成员的贡献。

谨此致意

朱振铭
执行主席

Board Of Directors

Chu Sau Ben, 47, is our Executive Chairman and was appointed to our Board on 20 October 2010. Mr. Chu has over 27 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.

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

William Lee Kay Choon, 38, 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 the 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.

Yuen Sou Wai, 59, 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, 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.

Eng Meng Leong, 58, 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 (a company listed on the Main Board of the SGX-ST) and HSR Global Limited (a company listed on the Catalist of the SGX-ST), as well as a director of Croesus Retail Management Pte Ltd.

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.

Dr. Philip Tan Meng Ngee, 58, 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.

Dr Tan is due for retirement in accordance with Article 93 of the Company's Articles of Association but will not be seeking re-election at the forthcoming AGM.

Financial and Operating Review

Financial Performance

Our Group achieved total revenue of S$28.67 million in FY2012. This represents an increase of S$5.99 million or 26.4% from S$22.68 million recorded in FY2011 which was attributable to increases in revenue from our Mechanical and Electrical Engineering ("M&E") Services and Manufacturing segments of S$3.02 million and S$2.98 million respectively. The increase in revenue was mainly due to an increase in the level of construction activities in Singapore particularly in the second half of FY2012.

Our cost of sales increased by S$4.16 million or 26.3% from S$15.84 million in FY2011 to S$20.00 million in FY2012, in tandem with the increase in revenue.

Our Group registered gross profit of S$8.67 million for FY2012, as compared to the gross profit of S$6.84 million recorded in FY2011, which represents an increase of S$1.83 million or 26.8%. Gross profit margin increased marginally from 30.1% in FY2011 to 30.2% in FY2012.

Other income decreased by S$0.16 million from S$0.32 million in FY2011 to S$0.16 million in FY2012. The decrease was mainly attributable to the write-back of operating expenses and refund of legal fees in FY2011 of S$0.13 million and S$0.06 million respectively which did not recur in FY2012.

Administrative expenses increased by S$5.56 million or 93.9% from S$5.92 million in FY2011 to S$11.47 million in FY2012. The increase was primarily due to increases in allowance for doubtful debts of S$0.60 million and the writing off and the provisioning of gross amount due from certain specific customers for contract work-in-progress amounting to S$4.71 million. This is in respect of variation orders which are now deemed not recoverable from these specific customers.

Finance costs decreased by S$0.20 million from S$0.47 million in FY2011 to S$0.27 million in FY2012. This was mainly due to the interest expense arising from the convertible loan prior to the listing of the Company in FY2011 amounting to S$0.20 million which did not recur in FY2012.

Overall, our Group's reported loss before tax of S$2.92 million in FY2012 from profit before tax of S$0.77 million in FY2011 mainly due to the increase in administrative expenses.

Financial Position

As at 31 December 2012, our balance sheet remains healthy. Our Group's current assets was S$24.46 million as compared to current liabilities of S$15.67 million. Our Group therefore had a positive working capital of S$8.79 million as at 31 December 2012. As at 31 December 2012, our cash and cash equivalents stood at S$8.13 million.

Our Group's total equity was S$10.37 million as at 31 December 2012.

Operating Review

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

- Commercial development at Kallang Way
- Commercial development in Paya Lebar
- Commercial development at Toh Guan Road
- Condominium development at Ang Mo Kio Avenue 8
- Condominium development at Lorong N Telok Kurau
- Factory at Jalan Tukang
- Factory in Yishun
- Residential development at Canberra Drive
- Shopping mall in Orchard

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

- Church development at Bishan Street 13
- Commercial development in Paya Lebar
- Condominium development at Amber Road
- Condominium development in Ardmore Park
- Condominium development at Enggor Street in Tanjong Pagar
- Condominium development at Spottiswoode Park Road
- Condominium development at Woodgrove Avenue
- Residential development at Canberra Drive/ Yishun Avenue 7
- Residential development at Serangoon Avenue 3
- Sports Hub at National Stadium

Executive Officers

Rachel Thia Meng Chng, 55, 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.

Ti Tiong Kwee, 45, 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.

Andrew Lam Kee Shing, 40, 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.

Benjamin Yeo Quee Siong, 40, 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.

Jin Changsheng, 38, 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 preparation of variation orders and progress claims. He was promoted to his current position in 2010.

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

Jean Chu Kee Yong, 39, 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.

Corporate Information

Board of Directors
Chu Sau Ben *(Executive Chairman)*
William Lee Kay Choon *(Executive Director and Chief Executive Officer)*
Yuen Sou Wai *(Independent Director)*
Eng Meng Leong *(Independent Director)*
Dr Philip Tan Meng Ngee *(Independent Director)*

Audit Committee
Yuen Sou Wai *(Chairman)*
Eng Meng Leong
Dr Philip Tan Meng Ngee

Nominating Committee
Eng Meng Leong *(Chairman)*
Yuen Sou Wai
Dr Philip Tan Meng Ngee

Remuneration Committee
Dr Philip Tan Meng Ngee *(Chairman)*
Yuen Sou Wai
Eng Meng Leong

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

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Public Accountants and Certified Public Accountants
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Partner-in-charge: **Max Loh Khum Whai**
(Date of appointment: since financial year ended 31 December 2010)

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Bankers
Malayan Banking Berhad
Standard Chartered Bank
United Overseas Bank

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Corporate Governance Report

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

Rule 701 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Rules of Catalist**") requires an issuer to outline the corporate governance practices adopted by the Company as set out in the Code of Corporate Governance 2005 (the "**Code**"). The Company has also considered certain corporate practices with reference to the revised Code of Corporate Governance 2012 issued on 2 May 2012 which is effective for the Company from its financial year commencing on 1 January 2013.

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code for the financial year ended 31 December 2012 ("**FY2012**").

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

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

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. If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee, such delegation will be disclosed. 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 Annual Report.

Corporate Governance Report

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

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

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

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

Directors' attendance at Board and Board Committee Meetings								
	Board Meetings		**Audit Committee Meetings**		**Nominating Committee Meeting**		**Remuneration Committee Meeting**	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Chu Sau Ben	2	2	4	4^	1	1^	1	1^
William Lee Kay Choon	2	2	4	4^	1	1^	1	1^
Yuen Sou Wai	2	2	4	4	1	1	1	1
Eng Meng Leong	2	2	4	4	1	1	1	1
Dr Philip Tan Meng Ngee	2	-	4	2	1	-	1	-

^ : by invitation

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

The Company will ensure that incoming and newly appointed Directors are given guidance and orientation (which may include management presentations) to allow the Directors to understand the Group's business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group's local and overseas places of operation will be arranged. Upon appointment, the Directors will also be provided with formal letters, setting out their duties and obligations. There has been no appointment of new Directors since the Company's listing on 15 November 2011 until the date of this report.

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.

Corporate Governance Report

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

Chu Sau Ben	*Executive Chairman*
Willian Lee Kay Choon	*Chief Executive Officer and Executive Director*
Yuen Sou Wai	*Independent Director*
Eng Meng Leong	*Independent Director*
Dr Philip Tan Meng Ngee	*Independent Director*

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 Independent Directors are independent.

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

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

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

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. The Chairman and CEO are not related to each other.

As the CEO, Mr William Lee Kay Choon oversees 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 responsibilities are as 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 definition of 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 are as follows:

- reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of a Director;
- 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 recommend suitable candidates for appointment;

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

d) making recommendations to the Board for approval.

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

The NC recommended to the Board that Mr William Lee Kay Choon be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the Director's overall contribution and performance. The NC noted the retirement of Dr Philip Tan Meng Ngee in accordance with Article 93 of the Company's Articles of Association but will not be seeking re-election at the forthcoming AGM.

All Directors are required to declare their board representations. 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 26 of this Annual Report. Key information regarding the Directors is presented on pages 4 to 5 of this Annual Report. The Directors' appointment date and their present and past three years' directorship in other listed companies are as follows:

Corporate Governance Report

Name of Director	Appointment	Date of initial appointment	Date of last re-election	Directorships in other listed companies	
				Current	Past 3 Years
Chu Sau Ben	Executive Chairman	20 October 2010	23 April 2012	-	-
William Lee Kay Choon	Chief Executive Officer and Executive Director	20 October 2010	-	-	-
Yuen Sou Wai	Independent Director	4 October 2011	23 April 2012	(1) Chew's Group Limited (2) YHI International Limited	-
Eng Meng Leong	Independent Director	4 October 2011	23 April 2012	(1) Kreuz Holdings Limited (2) HSR Global Limited	-
Dr Philip Tan Meng Ngee	Independent Director	4 October 2011	23 April 2012	-	-

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.

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As the Company was listed on 15 November 2011, 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. Although the Board's performance evaluation does not include a benchmark index of its industry peers and its share price performance over a 5-year period, the Board's performance assessment is undertaken collectively and informally on a continual basis by the NC with input from the other Board members.

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 which aim to help the Board in discharging 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 has been satisfactory and each Director has been contributing to the overall effectiveness of the Board. Given the relatively small size of the Board, there is no need at present to conduct a formal individual assessment of the Independent Directors. The assessment of the Executive Chairman and CEO's performance was undertaken by NC based on criteria including, *inter-alia*, profits and revenue growth.

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

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

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

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 policies for the Directors and executive officers to determine specific remuneration packages and terms of employment for each Executive Director and the 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' remuneration packages are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, remuneration, 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.

In setting the remuneration packages, the Company considers the remuneration and employment conditions within the industry. 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 Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise.

The Company adopts a remuneration policy for Executive Directors and senior management comprising a fixed and variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus which is linked to individual's performance which is assessed based on their respective key performance indicators allocated to them. Staff appraisals are conducted once a year.

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.

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

The Company has in place the Libra Performance Share Plan (the "**Performance Share Plan**"), which is administered by the RC. The RC reviews whether Executive Directors and management of the Company should be eligible for benefits under such long-term incentive schemes 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 FY2012.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

A breakdown showing the level and mix of the remuneration of the Directors and key executives during FY2012 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	86	14	-	-	100
Lam Kee Shing	86	14	-	-	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

The aggregate amount of the total remuneration paid to the executive officers (who are not Director or CEO) was S$614,024 in FY2012.

Corporate Governance Report

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Ms Chu Kee Yong who is the assistant operations manager of the Company. She is the sister of the Executive Chairman, Mr Chu Sau Ben. Her remuneration is within the band from S$50,000 to S$100,000 for FY2012.

Other than our executive officer, Ms Chu Kee Yong, Mr Chu Sau Ben has another sister, Ms Chu Fai Fong who is currently the human resource executive of the Company. Her remuneration is within the band from S$50,000 to S$100,000 for FY2012.

Save as disclosed, the Company does not have any other employee who is an immediate family member of any Director or the CEO whose remuneration exceeded S$50,000 during FY2012.

PRINCIPLE 10: ACCOUNTABILITY

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

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

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

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

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

PRINCIPLE 11: 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.

Corporate Governance Report

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 half-year and full-year financial statements and related notes and announcements relating thereto; accounting principles adopted, and the external auditors' reports prior to recommending to the Board for approval;
- reviewing and evaluating, having regard to input from external and internal 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 also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice as and when required at the Company's expense.

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

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

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

Whistle-blowing policy

The Company has adopted a whistle-blowing policy (the "**Policy**"). The Policy is intended to conform to the guidance set out in the Code which encourages employees 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 to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

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

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

PRINCIPLE 12: INTERNAL CONTROLS

The Board is committed to maintaining a robust and effective system of internal controls to safeguard shareholders' interests and the Group's assets. The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal controls and risk management functions are performed by the Group's key executives, and the CEO and Chief Financial Officer ("**CFO**") has confirmed the adequacy and effectiveness of the internal controls and reported to the AC for review.

The effectiveness of the internal controls system and procedures is monitored by the management and reviewed by the Board on an on-going 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.

Based on the internal controls established and as maintained by the management, work performed by the internal and external auditors and reviews performed by the Management, various Board Committees and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's system of internal controls that has been maintained by the management were adequate to address the financial, operational and compliance risks of the Company in its current business environment as at 31 December 2012. 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

For the financial year ended 31 December 2012, the Company has outsourced the internal audit function to a qualified public accounting firm, BDO LLP ("**BDO**"), which has unrestricted direct access and reports directly to the AC on audit matters and the Executive Chairman on administrative matters. The objective of the internal audit function is to determine whether the Group's risk management, internal control and governance processes, as designed by the Company are functioning in the intended manner.

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

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

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

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

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

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

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

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

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

PRINCIPLE 15: SHAREHOLDER PARTICIPATION

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

The Board encourages shareholders to attend the AGM to ensure a greater level of shareholders' participation and to meet with the Board and key management so as to stay informed of the Group's developments. All shareholders of the Company receive the notice of the AGM. The notice is also advertised in the newspaper and made available on the SGX-ST's website. At the AGM, shareholders will be given the opportunity to raise issues and direct questions regarding the Group to the Directors or the management. The Directors, including the chairman of each of the Board Committees, and the management as well as external auditors will be present at the AGM to address shareholders' queries.

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

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

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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 FY2012 or if not then subsisting, entered into since the end of the previous financial year.

DEALING IN SECURITIES

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

NON-SPONSOR FEE

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

There was no non-sponsor fee paid to the Sponsor in FY2012.

AUDIT AND NON-AUDIT FEES

The aggregate amount of fees paid to our Company's external auditors, Ernst & Young LLP, broken down into audit and non-audit services during FY2012 are as follows:

Annual audit fees	: S$75,000
Non-audit fees in relation to tax services	: S$12,000

INTERESTED PERSON TRANSACTIONS ("IPT")

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

Save for the on-going IPTs that are subsisting since the Company's listing on 15 November 2011 as tabulated in the table below, there were no other IPTs entered into by the Company during the financial year ended 31 December 2012.

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Financial Institution	Personal Guarantee provided by	Nature	Aggregate amount guaranteed S$'000	Outstanding amount as at 31 Dec 2012 S$'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	215	215
China Taiping Insurance	Chu Sau Ben and Lee Kay Choon	Performance bond	79	79
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Bridging loan	400	12
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Working capital facility	300	18
Public Islamic Bank Berhad	Chu Sau Ben and Lee Kay Choon	Credit facility	121	111
ORIX Capital Limited	Chu Sau Ben and Lee Kay Choon	Term loan facility	250	97
ORIX Leasing Singapore Limited	Chu Sau Ben and Lee Kay Choon	Working capital facility	500	89
ETHOZ Capital Ltd	Chu Sau Ben and Lee Kay Choon	Term loan facility	250	125
SHC Capital Limited	Chu Sau Ben and Lee Kay Choon	Performance bond	20	20
Liberty Insurance	Chu Sau Ben and Lee Kay Choon	Performance bond	209	209

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

RISK MANAGEMENT POLICIES AND PROCESSES

In November 2012, the Company had commissioned BDO LLP to conduct and implement an Enterprise Risk Management exercise for the Group. The Company had since formed a Board Risk Committee (the "**Risk Committee**") which comprises all our five (5) Directors as members.

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

Corporate Governance Report

USE OF IPO PROCEEDS UPDATE

Pursuant to the IPO, the Company received total proceeds of S$5,330,000 and as at 28 March 2013, the Company has utilised the amount as follows:

	Amount allocated (A)	Amount utilised (B)	Balance amount (A) – (B)
	S$'000	S$'000	S$'000
Intended use as revised			
Expansion of manufacturing facility in Singapore[1]	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
Working capital[2]	3,530	3,530	-
TOTAL	5,330	3,830	1,500

(1) The intended use has been revised pursuant to the announcement dated 3 January 2013.

(2) The proceeds had been used for the purpose of increasing the share capital of our Company's wholly-owned subsidiary, payment of IPO expenses, and payment to suppliers for purchases.

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 2012.

Directors

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

Chu Sau Ben
William Lee Kay Choon
Yuen Sou Wai
Eng Meng Leong
Dr Philip Tan Meng Ngee

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations 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	54,400,000	54,400,000
William Lee Kay Choon	6,600,000	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 2013.

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

Directors' Report

Directors' contractual benefits

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

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 31 December 2012, 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.

Auditor

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 auditor.

On behalf of the board of directors:

Chu Sau Ben
Director

Lee Kay Choon
Director

Singapore
22 March 2013

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 cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 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
22 March 2013

Independent Auditor’s Report

For the financial year ended 31 December 2012

Independent Auditor’s Report 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 31 to 78, which comprise the balance sheets of the Group and the Company as at 31 December 2012, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor’s responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report

For the financial year ended 31 December 2012
Independent Auditor's Report to the Members of Libra Group Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
22 March 2013

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2012

(Amounts in Singapore dollars)

	Note	2012	2011
		$	$
Revenue	4	28,672,174	22,675,258
Cost of sales		(20,004,493)	(15,839,249)
Gross profit		8,667,681	6,836,009
Other items of income			
Other income	5	160,721	320,351
Other items of expenses			
Administrative expenses		(11,471,182)	(5,915,098)
Finance costs	6	(273,558)	(471,446)
(Loss)/profit before tax	7	(2,916,338)	769,816
Income tax expense	10	(16,205)	(200,206)
(Loss)/profit net of tax		(2,932,543)	569,610
Other comprehensive income, net of tax			
Foreign currency translation	24	8,073	17,311
Total comprehensive income attributable to owners of the Company		(2,924,470)	586,921
(Loss)/earnings per ordinary share (cents per share)			
Basic and diluted	11	(2.93)	0.80

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

Balance Sheets

As at 31 December 2012

(Amounts in Singapore dollars)

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		$	$	$	$
Assets					
Non-current assets					
Property, plant and equipment	12	1,330,635	1,859,948	–	–
Non-current assets classified as held for sale	13	499,637	–	–	–
Investment in subsidiaries	14	–	–	9,241,589	8,241,589
		1,830,272	1,859,948	9,241,589	8,241,589
Current assets					
Gross amount due from customers for contract work-in-progress	17	9,153,661	12,456,998	–	–
Inventories	18	701,898	149,227	–	–
Prepaid operating expenses		184,903	465,955	11,134	–
Trade and other receivables	16	6,289,221	4,791,520	2,559,171	2,725,354
Cash and cash equivalents	19	8,128,654	4,800,799	1,861,163	2,610,352
		24,458,337	22,664,499	4,431,468	5,335,706
Total assets		26,288,609	24,524,447	13,673,057	13,577,295
Equity and liabilities					
Current liabilities					
Gross amount due to customers for contract work-in-progress	17	–	5,152	–	–
Trade and other payables	21	6,892,322	5,829,188	152,639	33,039
Other liabilities	22	1,163,385	651,405	15,320	25,333
Loans and borrowings	20	7,377,720	3,948,737	–	–
Income tax payable		231,558	376,784	35	8,790
		15,664,985	10,811,266	167,994	67,162
Net current assets		8,793,352	11,853,233	4,263,474	5,268,544
Non-current liabilities					
Loans and borrowings	20	221,366	351,512	–	–
Deferred tax liabilities	15	33,107	68,048	–	–
		254,473	419,560	–	–
Total liabilities		15,919,458	11,230,826	167,994	67,162
Net assets		10,369,151	13,293,621	13,505,063	13,510,133

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

Balance Sheets
As at 31 December 2012

(Amounts in Singapore dollars)

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		$	$	$	$
Equity attributable to owners of the Company					
Share capital	23	14,576,304	14,576,304	14,576,304	14,576,304
Foreign currency translation reserve	24	32,237	24,164	–	–
Merger reserve		(7,441,589)	(7,441,589)	–	–
Accumulated profits/(losses)		3,202,199	6,134,742	(1,071,241)	(1,066,171)
Total equity		10,369,151	13,293,621	13,505,063	13,510,133
Total equity and liabilities		26,288,609	24,524,447	13,673,057	13,577,295

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 2012

(Amounts in Singapore dollars)

	Attributable to owners of the Company				
	Share capital (Note 23)	Foreign currency translation reserve (Note 24)	Merger reserve	Accumulated profits	Total equity
	$	$	$	$	$
Group					
2012					
Opening balance at 1 January 2012	14,576,304	24,164	(7,441,589)	6,134,742	13,293,621
Loss net of tax for the year	–	–	–	(2,932,543)	(2,932,543)
Other comprehensive income					
Foreign currency translation	–	8,073	–	–	8,073
Total comprehensive income for the year	–	8,073	–	(2,932,543)	(2,924,470)
Closing balance at 31 December 2012	14,576,304	32,237	(7,441,589)	3,202,199	10,369,151
2011					
Opening balance at 1 January 2011	1,014,950	6,853	–	5,565,132	6,586,935
Profit net of tax for the year	–	–	–	569,610	569,610
Other comprehensive income					
Foreign currency translation	–	17,311	–	–	17,311
Total comprehensive income for the year	–	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 issue expenses	(128,718)	–	–	–	(128,718)
Issuance of new ordinary shares pursuant to IPO	5,330,000	–	–	–	5,330,000
Total contributions by and distributions to owners	13,561,354	–	(7,441,589)	–	6,119,765
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 2012

(Amounts in Singapore dollars)

	Share capital (Note 23)	Accumulated losses	Total equity
	$	$	$
Company			
2012			
Opening balance at 1 January 2012	14,576,304	(1,066,171)	13,510,133
Loss net of tax, representing total comprehensive income for the year	–	(5,070)	(5,070)
Closing balance at 31 December 2012	14,576,304	(1,071,241)	13,505,063
2011			
Opening balance at 1 January 2011	100	(187,902)	(187,802)
Loss net of tax, representing total comprehensive income for the year	–	(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 issue expenses	(128,718)	–	(128,718)
Issuance of new ordinary shares pursuant to IPO	5,330,000	–	5,330,000
Total contributions by and distributions to owners	14,576,204	–	14,576,204
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 2012

(Amounts in Singapore dollars)

	Note	2012	2011
		$	$
Operating activities			
(Loss)/profit before tax		(2,916,338)	769,816
Adjustments for:			
Depreciation of property, plant and equipment		261,592	265,297
Write-off of amount due from a director-related company		–	6,134
Loss on disposal of property, plant and equipment		1,119	14,056
Fair value loss on derivative		–	81,938
Write back of accrued operating expense		–	(133,712)
Allowance for doubtful trade receivables		231,058	222,905
Write-off of doubtful trade receivables		588,007	–
Impairment of gross amount due from customers for contract work-in-progress		4,704,921	–
Share issue expenses		–	1,239,740
Finance costs		273,558	471,446
Translation difference		8,073	17,311
Total adjustments		6,068,328	2,185,115
Operating cash flows before changes in working capital		3,151,990	2,954,931
Changes in working capital:			
Increase in gross amount due from customers for contract work-in-progress		(1,401,584)	(2,204,951)
Decrease in gross amount due to customers for contract work-in-progress		(5,152)	(47,678)
(Increase)/decrease in inventories		(552,671)	99,313
Decrease/(increase) in prepaid operating expenses		281,052	(382,330)
Increase in trade and other receivables		(2,316,765)	(1,298,956)
Increase in trade and other payables		1,046,897	1,000,203
Increase in other liabilities		511,980	(315,097)
Total changes in working capital		(2,436,243)	(3,149,496)
Cash flows generated from/(used in) operations		715,747	(194,565)
Interest paid		(260,524)	(275,185)
Income tax paid		(196,373)	(677,207)
Net cash generated from/(used in) operating activities		258,850	(1,146,957)
Investing activities			
Purchase of property, plant and equipment	12	(168,235)	(41,913)
Proceeds from disposal of property, plant and equipment		1,200	–
Net cash used in investing activities		(167,035)	(41,913)
Financing activities			
Proceeds from loans and borrowings		15,725,868	7,471,278
Repayments of loans and borrowings		(12,489,828)	(6,789,727)
Proceeds from issuance of new ordinary shares pursuant to the IPO		–	5,330,000
Proceeds from convertible loan		–	850,000
Payment of share issue expenses		–	(1,264,870)
Net cash from financing activities		3,236,040	5,596,681
Net increase in cash and cash equivalents		3,327,855	4,407,811
Cash and cash equivalents at 1 January		4,800,799	392,988
Cash and cash equivalents at 31 December	19	8,128,654	4,800,799

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

1. Corporation information

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 14 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards 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 not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Amendments to FRS 101 – *Government Loans*	1 January 2013
Amendments to FRS 107 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013

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

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

Description	**Effective for annual periods beginning on or after**
Improvements to FRSs issued in 2012	1 January 2013
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
– Amendment to FRS 34 *Interim Financial Reporting*	1 January 2013
– Amendment to FRS 101 *First-time Adoption of International Financial Reporting Standards*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 110, FRS 111 and FRS 112 *Amendments to the Transition Guidance of FRS 110 Consolidated Financial Statements, FRS111 Joint Arrangements and FRS 112 Disclosure of Interest in Other Entities*	1 January 2014

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.

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

(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.

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.

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 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***

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.

(a) *Transactions and balances*

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

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

(b) *Consolidated financial statement*

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

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

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 2.17. 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

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

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

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

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

2.7 *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.

2.8 *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. Summary of significant accounting policies (cont'd)

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.

Regular way purchase or sale of a financial asset

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

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.

<u>Financial assets carried at amortised cost</u>

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

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

2.10 ***Impairment of financial assets (cont'd)***

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.

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.

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

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

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

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".

Notes to the Financial Statements
For the financial year ended 31 December 2012

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

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 ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.16 ***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.

Subsequent measurement

After initial recognition, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2012

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

2.17 ***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.

2.18 ***Provisions***

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

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

2.19 ***Employee benefits***

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.20 ***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.

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

2.20 ***Leases (cont'd)***

As lessee

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

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

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

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

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

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

2.22 ***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. Summary of significant accounting policies (cont'd)

2.23 ***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

- 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.

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

2.23 ***Taxes (cont'd)***

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

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

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

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

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.

(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.

2.24 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 ***Share capital and share issuance expenses***

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

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

2.26 ***Contingencies***

A contingent liability is:

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

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

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

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

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

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

2.27 ***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.

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

2.27 *Related parties (cont'd)*

(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 $231,558(2011: $376,784) and $33,107 (2011: $68,048) respectively.

3.2 *Key sources of estimation uncertainty*

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

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

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

(a) *Useful lives of plant and equipment*

All items of property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of these assets of the Group at the end of each reporting period is disclosed in Note 12 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.4% (2011: 2.3%) variance in the Group's loss (2011: profit) for the year.

(b) *Construction contracts and revenue recognition*

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

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

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

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

(c) *Impairment of loans and receivables*

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2012

4. Revenue

	Group 2012	Group 2011
	$	$
Construction revenue	20,002,441	16,985,726
Sale of goods	8,669,733	5,689,532
	28,672,174	22,675,258

5. Other income

	Group 2012	Group 2011
	$	$
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	124,728	111,236
Government grant	12,084	–
Others	23,909	4,625
	160,721	320,351

6. Finance costs

	Group 2012	Group 2011
	$	$
Interest expense on:		
- Trust receipts	140,804	116,680
- Obligations under finance leases	27,011	34,735
- Term loans	73,818	111,754
- Factoring charges	31,925	6,407
- Convertible loan	–	201,395
- Others	–	475
	273,558	471,446

7. (Loss)/profit before tax

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

	Note	Group 2012	Group 2011
		$	$
Audit fee paid to auditors of the Group		75,000	65,000
Depreciation of plant and equipment		261,592	265,297
Personnel expenses including directors' remuneration	8	6,654,182	5,635,237
Legal expenses		17,384	42,132
Allowance for doubtful trade receivables		231,058	222,905
Write-off of doubtful trade receivables		588,007	–
Loss on disposal of property, plant and equipment		1,119	14,056
Impairment of gross amount due from customers for contract work-in-progress		4,704,921	–
Fair value loss on derivative		–	81,938
Write-off of amount due from a director-related company		–	6,134
Operating lease expense	25(a)	1,106,390	927,856
Share issue expenses		–	1,239,740

8. Employee benefits

	Group 2012	Group 2011
	$	$
Salaries, wages and bonuses	5,360,388	4,573,209
Central Provident Fund contributions	222,766	205,877
Foreign worker levy	670,840	497,861
Medical expenses	20,038	14,218
Accommodation	296,018	310,545
Others	84,132	33,527
	6,654,182	5,635,237

9. Related party transactions

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

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

	Group	
	2012	**2011**
	$	$
Salaries and bonuses	1,157,000	1,079,721
Central Provident Fund contributions	104,624	92,323
	1,261,624	1,172,044
Comprises amounts paid to:		
Directors of the Company	647,600	620,881
Other key management personnel	614,024	551,163
	1,261,624	1,172,044

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

As at 31 December 2012, certain directors of the Company have provided personal guarantees amounting to approximately $452,000 (2011: $3,219,000) to secure certain loans and borrowings of the Group as disclosed in Note 20 to the financial statements.

As at 31 December 2012, certain directors of the Company have provided personal guarantees amounting to approximately $486,000 (2011: $546,000) to secure performance bonds of the Group.

As at 31 December 2012, certain directors of the Company have provided personal guarantees amounting to approximately $215,000 (2011: $929,000) to secure security bonds for the foreign workers of the Group.

As at 31 December 2012, certain directors of the Company have provided personal guarantees amounting to approximately Nil (2011: $357,000) 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 2012 and 2011 are:

	Note	Group 2012	Group 2011
		$	$
Consolidated statement of comprehensive income:			
Current income tax			
- Current year income tax expense		16,640	236,239
- Under/(over) provision of income tax in respect of prior year		34,506	(45,213)
Deferred income tax	15		
- (Reversal)/origination of temporary differences		(34,941)	9,180
Income tax expense recognised in profit or loss		16,205	200,206

Relationship between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group 2012	Group 2011
	$	$
(Loss)/profit before tax	(2,916,338)	769,816
Tax at the domestic rates applicable to (loss)/profit in the countries where the Group operates	(497,177)	129,135
Adjustments:		
Non-deductible expenses	44,477	263,680
Effect of partial tax exemption and tax deduction	(172,548)	(163,929)
Deferred tax asset not recognised	606,947	4,748
Under/(over) provision in respect of previous years	34,506	(45,213)
Others	–	11,784
Income tax expense recognised in profit or loss	16,205	200,206

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

The corporate income tax rate applicable to the enterprises in Singapore is 17% in FY2012 (2011: 17%).

Libra Engineering (Malaysia) is subjected to a tax rate of 25% in FY2012 (2011: 25%).

11. (Loss)/earnings per share

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

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

	Group	
	2012	**2011**
	$	$
(Loss)/profit net of tax, attributable to owners of the Company for the year	(2,932,543)	569,610
Add back: Interest expense on convertible loan	–	201,395
Add back: Fair value loss on convertible loan	–	81,938
(Loss)/profit net of tax, attributable to owners of the Company used in the computation of diluted earnings per share	(2,932,543)	852,943
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	99,724,000	70,829,260
Effect of dilution:		
- Convertible loan	–	1,060,164
Weighted average number of ordinary shares for diluted earnings per share computation	99,724,000	71,889,424

As at 31 December 2012, the basic and diluted earnings per share of the group are the same as there were no potential dilutive ordinary shares existing during the financial year.

As at 31 December 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.

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 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 and 1 January 2012	499,637	100,759	114,473	1,036,979	64,148	96,681	77,270	1,182,287	3,172,234
Additions	–	13,117	7,650	73,500	24,192	5,700	31,235	78,841	234,235
Disposals	–	–	–	–	(8,464)	–	–	–	(8,464)
Classified as non-current assets held for sale	(499,637)	–	–	–	–	–	–	–	(499,637)
At 31 December 2012	–	113,876	122,123	1,110,479	79,876	102,381	108,505	1,261,128	2,898,368
Accumulated depreciation:									
At 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 and 1 January 2012	–	65,424	65,704	422,665	34,958	53,349	31,055	639,131	1,312,286
Depreciation charge for the year	–	22,994	20,290	89,011	12,523	19,526	7,012	90,236	261,592
Disposals	–	–	–	–	(6,145)	–	–	–	(6,145)
At 31 December 2012	–	88,418	85,994	511,676	41,336	72,875	38,067	729,367	1,567,733
Net carrying amount:									
At 31 December 2011	499,637	35,335	48,769	614,314	29,190	43,332	46,215	543,156	1,859,948
At 31 December 2012	–	25,458	36,129	598,803	38,540	29,506	70,438	531,761	1,330,635

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

Assets held under finance lease

(a) During the financial years ended 31 December 2012 and 2011 the cash outflows on purchase of plant and equipment were as follows:

	Group	
	2012	**2011**
	$	$
Aggregate cost of property, plant and equipment acquired	234,235	123,913
Less: Acquired by means of finance lease	(66,000)	(82,000)
Cash outflows on acquisition of property, plant and equipment	168,235	41,913

(b) As at 31 December 2012 and 2011, the carrying amount of plant and equipment held under finance leases were as follows:

	Group	
	2012	**2011**
	$	$
Motor vehicles	567,649	578,506
Factory equipment	14,222	17,067
Plant and machinery	384,233	459,714
	966,104	1,055,287

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

13. Non-current assets classified as held for sale

	Group	
	2012	**2011**
	$	$
Freehold land	499,637	–

During the current financial year, the Company announced the decision of its board of directors to sell the freehold land which is located in Malaysia and owned by one of its subsidiaries, Libra Engineering Sdn Bhd. The land was previously reported as property, plant and equipment. The decision is consistent with the Group's plan to rent an office instead of developing the land, which will minimise the development and time costs required to start the Group's business in Malaysia.

14. Investment in subsidiaries

	Company	
	2012	2011
	$	$
Shares, at cost	9,241,589	8,241,589

The Company has the following subsidiaries as at 31 December:

Name of company	Country of incorporation	Principal activity	Effective equity interest held by the Group	
			2012	2011
			%	%
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

15. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheets		Consolidated income statement	
	2012	2011	2012	2011
	$	$	$	$
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(33,107)	(68,048)	(34,941)	9,180

15. Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $3,570,000 (2011: $19,000) that are available for offset against future taxable profit of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of this tax loss is subject to the agreement of the tax authority and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

16. Trade and other receivables

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		$	$	$	$
Trade receivables		5,984,356	4,488,313	–	–
Retention receivables		93,737	45,428	–	–
Refundable deposits		202,005	169,424		
Other receivables		9,123	88,355	–	–
Amounts due from subsidiaries		–	–	2,559,171	2,725,354
		6,289,221	4,791,520	2,559,171	2,725,354
Add: Cash and cash equivalents	18	8,128,654	4,800,799	1,861,163	2,610,352
Total loans and receivables		14,417,875	9,592,319	4,420,334	5,335,706

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 $2,047,324 (2011: $2,262,299) 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 2012	Group 2011
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	1,006,506	568,620
31 to 90 days	542,655	678,120
More than 90 days	498,163	1,015,559
	2,047,324	2,262,299

16. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group	
	2012	2011
	$	$
Trade receivables – nominal amounts	509,175	386,590
Less: Allowance for impairment	(447,677)	(216,619)
	61,498	169,971
Movement in allowance accounts:		
At 1 January	216,619	164,406
Charge for the year	231,058	222,905
Written back	–	(1,000)
Written off	–	(169,692)
At 31 December	447,677	216,619

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

Amounts due from subsidiaries

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

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

	Group	
	2012	2011
	$	$
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	71,791,938	69,662,045
Less: Progress billings	(62,638,277)	(57,210,199)
	9,153,661	12,451,846
Presented as:		
Gross amount due from customers for contract work	9,153,661	12,456,998
Gross amount due to customers for contract work	–	(5,152)
	9,153,661	12,451,846
Retention sums on construction contracts included in gross amount due from customers for contract work	2,579,698	2,571,595
Retention sums on construction contracts included in trade and other receivables	93,737	45,428

18. Inventories

	Group	
	2012	2011
	$	$
Balance sheet:		
Raw materials	701,898	149,227
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	14,363,748	10,968,794

19. Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Cash at banks and on hand	8,128,654	4,800,799	1,861,163	2,610,352

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

	Group	
	2012	2011
	$	$
Malaysian Ringgit	5,731	13,926

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For the financial year ended 31 December 2012

20. Loans and borrowings

	Maturity	Group 2012	Group 2011
		$	$
Current:			
Factoring loan		1,456,041	115,918
Trust receipts		3,936,682	2,113,268
Obligations under finance lease (Note 25(b))		194,309	249,831
Term loans:			
- 7.00% p.a. fixed rate SGD loan [1]		–	254,362
- 6.25% p.a. fixed rate SGD loan [2]		–	173,639
- 5.50% p.a. fixed rate SGD loan [3]		–	94,378
- 6.50% p.a. fixed rate SGD loan [4]	2013	18,151	123,253
- 6.00% p.a. fixed rate SGD loan [5]	2013	12,108	152,793
- 3.50% p.a. fixed rate SGD loan [6]	2013	89,009	172,343
- 3.50% p.a. fixed rate SGD loan [7][11]	2014	376,611	–
- 3.75% p.a. fixed rate SGD loans [8][11]	2014	221,467	385,092
- 3.75% p.a. fixed rate SGD loans [9][11]	2015	962,684	–
- RM loan at 1.25% p.a. above bank's base financing rate[10][11]	2026	110,658	113,860
Total term loans		1,790,688	1,469,720
		7,377,720	3,948,737
Non-current:			
Obligations under finance lease (Note 25(b))	2013-2016	221,366	351,512
Total loans and borrowings		7,599,086	4,300,249

Factoring loans

Factoring loan bears interest at 5% p.a. and is secured by a corporate guarantee from a related company (2011: 6.50% p.a. and is secured by a personal guarantee from a director).

Trust receipts

Trust receipts are secured by corporate guarantees from a reated company.

Trust receipts have an average maturity period of 60 to 120 days (2011: 60 to 120 days) and bear interest of 5.75% to 7.5% per annum (2011: 6.50% to 7.50% per annum).

Obligations under finance leases

The Company has finance leases for certain items of plant and equipment as disclosed in Note 12. The discount rates implicit in the leases range from 4.53% to 8.74% per annum (2011: 3.73% to 8.75% per annum).

20. Loans and borrowings (cont'd)

Term loans

(1) The loan is secured by joint and several guarantees from the directors and is repayable by monthly instalments over one year. The loan has been fully repaid as at 31 December 2012.

(2) The loan is secured by joint and several guarantees from the directors and is repayable by monthly instalments over two years. The loan has been fully repaid as at 31 December 2012.

(3) The loan is secured by a personal guarantee from the directors and is repayable by monthly instalments over two years. The loan has been fully repaid as at 31 December 2012.

(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 guarantees from the directors and is repayable by monthly instalments over three years.

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

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

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

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

(10) The loan, which is secured by a legal charge over the freehold land (Note 13), and joint and personal guarantees by the directors and corporate guarantee by a related company, is repayable by monthly instalments over fifteen years commencing from 1 February 2011.

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

21. Trade and other payables

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		$	$	$	$
Trade payables		6,001,977	5,300,566	–	–
GST payables		280,282	39,745	8,591	–
Professional fee payables		–	30,665	–	18,544
Retention payables		336,819	199,689	–	–
Operating lease payables		21,600	20,437	–	–
Other payables		251,644	238,086	144,048	14,495
		6,892,322	5,829,188	152,639	33,039
Add: Other liabilities	22	1,163,385	651,405	15,320	25,333
Add: Loans and borrowings	20	7,599,086	4,300,249	–	–
Total financial liabilities carried at amortised costs		15,654,793	10,780,842	167,959	58,372

Trade payables/other payables

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

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

	Group 2012	Group 2011
	$	$
Malaysian Ringgit	90,942	108,473
USD	31,865	–

22. Other liabilities

	Group 2012	Group 2011	Company 2012	Company 2011
	$	$	$	$
Accrued salaries and bonuses	602,124	506,302	–	18,333
Accrued operating expenses	561,261	145,103	15,320	7,000
	1,163,385	651,405	15,320	25,333

23. Share capital

	2012		2011	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January	99,724,000	14,576,304	100	100
Issuance of new ordinary shares pursuant to the restructuring exercise	–	–	999,900	8,241,589
	99,724,000	14,576,304	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	–	–	2,196,000	(128,718)
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	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.

24. Foreign currency translation reserve

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

	Group	
	2012	2011
	$	$
At 1 January	24,164	6,853
Translation difference	8,073	17,311
At 31 December	32,237	24,164

25. Commitments

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

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

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2012 amounted to $1,106,390 (2011: $927,856).

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

	Group	
	2012	2011
	$	$
Not later than one year	1,573,680	418,741
Later than one year but not later than five years	1,092,927	21,513
	2,666,607	440,254

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

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

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

	Group			
	2012		2011	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	$	$	$	$
Not later than one year	215,353	194,309	277,260	249,831
Later than one year but not later than five years	254,920	221,366	399,760	351,512
Total minimum lease payments	470,273	415,675	677,020	601,343
Less: Amounts representing finance charges	(54,598)	–	(75,677)	–
Present value of minimum lease payments	415,675	415,675	601,343	601,343

26. Fair value of financial instruments

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

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

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

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

(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:

		2012		**2011**	
	Note	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
		$	$	$	$
Financial liabilities:					
Loans and borrowings (non-current)					
- Obligations under finance leases	20	221,366	239,012	351,512	371,241

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 rates for similar types of borrowing arrangements at the end of the reporting period.

27. Financial risk management policies and objectives

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

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

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

(a) *Credit risk*

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

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

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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

At the end of the reporting period, approximately 66% (2011: 42%) of the Group's trade receivables were due from 5 major debtors located in Singapore.

<u>Financial assets that are neither past due nor impaired</u>

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.

<u>Financial assets that are either past due or impaired</u>

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

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

(b) ***Liquidity risk***

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting period, approximately 97% (2011: 92%) of the Group's loans and borrowings (Note 20) 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.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	**One to five years**	**Total**
	$	$	$
Group			
2012			
Financial assets:			
Trade and other receivables	6,289,221	–	6,289,221
Cash and cash equivalents	8,128,654	–	8,128,655
Total undiscounted financial assets	14,417,875	–	14,417,875
Financial liabilities:			
Trade and other payables	6,892,322	–	6,892,322
Other liabilities	1,163,385	–	1,163,385
Loans and borrowings	7,377,720	254,920	7,632,640
Total undiscounted financial liabilities	15,433,427	254,920	15,688,357
Total net undiscounted financial assets	(1,015,552)	(254,920)	(1,270,472)

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

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

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

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

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

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

	One year or less	One to five years	Total
	$	$	$
Company			
2011			
Financial assets:			
Trade and other receivables	2,725,354	–	2,725,354
Cash and cash equivalents	2,610,352	–	2,610,352
Total undiscounted financial assets	5,335,706	–	5,335,706
Financial liabilities:			
Trade and other payables	33,039	–	33,039
Other liabilities	25,333	–	25,333
Total undiscounted financial liabilities	58,372	–	58,372
Total net undiscounted financial assets	5,277,334	–	5,277,334

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from floating rate term loan for the financial years ended 31 December 2012 and 2011.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2011: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $1,107 (2011: $1,139) higher/lower arising mainly as a result of lower/higher interest expense on floating rate term loan.

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

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, Singapore Dollar (SGD). The foreign currency in which most of these transactions are denominated is Malaysian Ringgit (RM) and United States Dollars (USD). Approximately 11% (2011: 1%) of costs are denominated in foreign currencies. The Group's trade payable balances at the end of the reporting period have similar exposures.

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

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

(d) ***Foreign currency risk*** *(cont'd)*

Sensitivity analysis for foreign currency risks

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

		Group	
		2012	**2011**
		Loss before tax	**Profit before tax**
		$	$
RM/SGD	- strengthened 5% (2011: 5%)	(3,536)	(3,924)
	- weakened 5% (2011: 5%)	3,536	3,924
USD/SGD	- strengthened 5% (2011: 5%)	(1,322)	–
	- weakened 5% (2011: 5%)	1,322	–

28. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 2011.

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

		Group	
	Note	**2012**	**2011**
		$	$
Trade and other payables	20	6,892,322	5,829,188
Other liabilities	21	1,163,385	651,405
Loans and borrowings	19	7,599,086	4,300,249
Less: Cash and cash equivalents	18	(8,128,654)	(4,800,799)
Net debt		7,526,139	5,980,043
Equity attributable to the owners of the Company		10,369,151	13,293,621
Capital and net debt		17,895,290	19,273,664
Gearing ratio		42%	31%

29. Segment reporting

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

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

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

(2) ***Manufacturing***

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

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

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

	Mechanical & Electrical	Manufacturing	Adjustments & eliminations	Note	Total
	$	$	$		$
31 December 2012					
Revenue:					
External customers	20,002,441	8,669,733	–		28,672,174
Inter-segment	–	1,157,510	(1,157,510)	A	–
Total revenue	20,002,441	9,827,243	(1,157,510)		28,672,174
Results:					
Segment gross profit	5,343,768	2,598,125	725,788	B	8,667,681
Segment (loss)/profit	(3,655,917)	757,975	(18,396)	C	(2,916,338)
Assets:					
Trade receivables	3,701,544	2,282,812	–		5,984,356
Segment assets	18,378,689	9,147,674	(1,237,754)	D	26,288,609
Liabilities:					
Loans and borrowings	4,635,984	2,852,445	110,657	E	7,599,086
Segment liabilities	15,818,186	5,572,321	(5,471,049)	D	15,919,458

29. 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

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

A Inter-segment revenues are eliminated on consolidation.

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

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

D Intercompany balances are eliminated on consolidation.

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

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.

29. Segment reporting (cont'd)

Geographical information

There is no geographical segment information provided as the Group operates entirely in Singapore for the financial years ended 31 December 2012 and 2011.

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

	2012		2011	
	Revenue	Non-current assets	Revenue	Non-current assets
	$	$	$	$
Singapore	28,672,174	1,330,635	22,675,258	1,360,311
Malaysia	–	499,637	–	499,637
	28,672,174	1,830,272	22,675,258	1,859,948

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

Information about major customers

Revenue from two (2011: two) of the Group's major customers amounted to $9,069,558 (2011: $8,271,613), arising from the Mechanical and Electrical segment.

30. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 22 March 2013.

Statistics of Shareholdings

As at 13th March 2013

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	109	21.76	848,000	0.85
10,001 – 1,000,000	385	76.84	27,433,000	27.51
1,000,001 and above	7	1.40	71,443,000	71.64
Total	**501**	**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	Phillip Securities Pte Ltd	4,172,000	4.18
4	Ti Tiong Kwee	2,031,000	2.04
5	Seow Tiong Siah	1,585,000	1.59
6	Kerr Lay Kheng	1,392,000	1.40
7	Paul Go Kian Lee	1,263,000	1.27
8	Loh Song Quee	1,000,000	1.00
9	OCBC Securities Private Limited	971,000	0.97
10	Maybank Kim Eng Securities Pte Ltd	911,000	0.91
11	Ng Boon Choo	539,000	0.54
12	Koh Meng Choo	480,000	0.48
13	Ho Han Beng	452,000	0.45
14	Wong Cheow Lin	400,000	0.40
15	Sim Lye Huat	390,000	0.39
16	Lim Yau Song	352,000	0.35
17	Ng Tie Jin (Huang Zhiren)	346,000	0.35
18	Chua Lee Hoon Vincent	339,000	0.34
19	Chai Shao Ping	300,000	0.30
20	Ng Seng Lin	300,000	0.30
	TOTAL	**78,223,000**	**78.43**

Statistics of Shareholdings

As at 13th March 2013

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 13 March 2013 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 13 March 2013, approximately 38.83% of the Company's issued ordinary shares is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Libra Group Limited (the "**Company**") will be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on Wednesday, 24 April 2013 at 2.00 p.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 2012 together with the Auditors' Report thereon. **(Resolution 1)**

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

   Mr Lee Kay Choon, William **(Resolution 2)**

   Mr Lee Kay Choon, William will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

   To note the retirement of Dr Philip Tan Meng Ngee who will not be seeking re-election in accordance with Article 93 of the Company's Articles of Association.

3. To approve the payment of Directors' fees of S$110,000.00 for the financial year ended 31 December 2012 (2011: S$18,333.33). **(Resolution 3)**

4. To re-appoint Ernst & Young LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

5. 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:

6. **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 Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**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

Notice of Annual General Meeting

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

provided that:-

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

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this resolution is passed after adjusting for:-

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

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

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

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

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (i)]. **(Resolution 5)**

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

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

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

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

Notice of Annual General Meeting

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

Provided that the aggregate number of new Shares to be allotted and issued, when aggregated with the new Shares issued and/or issuable and the existing Shares delivered and/or deliverable in respect of all Awards granted under the Plan, and all Shares, options or awards granted under any other share scheme of the Company in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time, such authority (unless revoked or varied by the Company in general meeting) shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)]. **(Resolution 6)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 9 April 2013

Notice of Annual General Meeting

Explanatory Note:

(i) The ordinary resolution 5 proposed in item 6 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 convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing this resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting.

(ii) The ordinary resolution 6 proposed in item 7 above, if passed, will empower the Directors to offer and grant Awards and to issue Shares pursuant to the Plan, provided that the aggregate number of Shares under the Plan and such other awards or options granted under any share scheme of the Company in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time.

Notes:

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

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

3. The instrument appointing a proxy, duly executed, must be deposited at the registered office of the Company at **101 Defu Lane 10, 3rd floor, 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 Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on Wednesday, 24 April 2013 at 2.00 p.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	Receiving and adoption of the Directors' Report and Audited Accounts for the financial year ended 31 December 2012 together with the Auditors' Report thereon		
2	Re-election of Mr Lee Kay Choon, William as a Director of the Company		
3	Approval of Directors' fees amounting to S$110,000 for the financial year ended 31 December 2012		
4	Re-appointment of Ernst & Young LLP as auditors of the Company		
5	General authority to allot and issue shares		
6	Authority to grant awards and allot and issue new shares under the Libra Performance Share Plan		

Dated this __________ day of __________________ 2013

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, 3rd floor, 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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