



(Incorporated in the Republic of Singapore on 20 October 2010)
(Company Registration Number 201022364R)

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Board of Directors of the Company ("**Board**") refers to the Company's announcement dated 1 March 2019 in relation to the unaudited full year financial results announcement (the "**Unaudited Financial Statements**") for financial year ended 31 December 2018 ("**FY2018**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Company wishes to announce that certain adjustments were made to the Unaudited Financial Statements following the finalisation of the audit by the Company's external auditors, Ernst & Young LLP.

The material differences between the Unaudited Financial Statements and the audited consolidated financial statements for FY2018 (the "**Audited Financial Statements**") arose mainly due to reclassifications and adjustments which proposed by the external auditors. Details of the adjustments made to the Unaudited Financial Statements and the material differences between the Unaudited Financial Statements and the Audited Financial Statements are set out below.

	Audited financial statements 2018 (S\$'000)	Unaudited financial statements 2018 (S\$'000)	Variance (S\$'000)	Note
Revenue	104,271	109,127	(4,856)	A
Cost of sales	(90,257)	(94,718)	4,461	A
Gross profit	14,014	14,409	(395)	
Other income	3,260	2,784	395	B
Administrative expenses	(14,603)	(17,517)	2,914	B
Impairment losses on financial assets	(2,999)	-	(2,999)	B
Impairment losses on contract assets	(1,110)	-	(1,110)	B
Finance costs	(1,928)	(1,861)	(67)	B
Loss before tax	(3,366)	(2,185)	(1,181)	
Income tax expense	(993)	335	(1,328)	C
Loss for the year	(4,359)	(1,850)	(2,509)	
Attributable to:				
Owners of the Company	(3,459)	(1,187)	(2,272)	
Non-controlling interests	(900)	(663)	(237)	
	(4,359)	(1,850)	(2,509)	

Highlight and summary major discrepancy between unaudited financial statements with audited financial statements in the consolidated statement of comprehensive income for the financial year end 31 December 2018.

- 1) Reclassification of financing transaction from revenue S\$3,062 and cost of sales S\$2,825 to other income S\$236k;
- 2) Reclassification of S\$2,360k from administrative expenses to impairment losses on financial assets;
- 3) Reclassification of S\$1,110k from administrative expenses to impairment losses on contract assets;
- 4) Additional impairment losses on financial assets of S\$639k, and
- 5) Additional provision of income and deferred tax of S\$1,328k arising from adopting a conservative position of disallowing use of unutilised tax losses from previous years for offset against taxable profits this year pending confirmation from company's tax agent.

(A) Reduce in revenue and increase in cost of sales

	Revenue S'\$000	Cost of sales S'\$000
As unaudited financial statements	109,127	(94,718)
Financing transactions reclassified to other income	(3,062)	2,825
Reversal of revenue recognised and cost of sales	(1,794)	1,636
As per audited financial statements	<u>104,271</u>	<u>(90,257)</u>

(B) Other income, administrative expenses. Impairment losses on financial assets, impairment losses on contract assets and finance costs

	Other income S'\$000	Administrati ve expenses S'\$000	Impairment losses on financial assets S'\$000	Impairment losses on contract assets S'\$000	Finance costs S'\$000
As unaudited financial statements	2,784	(17,517)	-	-	(1,861)
Interest income from financing transactions	236	-	-	-	-
Additional impairment losses on financial assets	-	-	(639)	-	-
Additional impairment on inventories	-	(134)	-	-	-
Impairment losses on financial assets - reclass	-	2,360	(2,360)	-	-
Write-off receivable for lease deposit paid	-	(90)	-	-	-
Additional bank facilities fee	-	(26)	-	-	-
Additional impairment loss on property, plant and equipment	-	(171)	-	-	-
Additional administrative expenses recognised	-	(197)	-	-	-
Additional bank interest recognised	-	-	-	-	(67)
Reversal provision of restatements cost	90	-	-	-	-
Reversal rental expenses over taken up	14	-	-	-	-

Additional other income recognised	136	-	-	-	-
Impairment loss on contract assets - reclass		1,110	-	(1,110)	-
As per audited financial statements	3,260	(14,603)	(2,999)	(1,110)	(1,928)

(C) Change in the provision of income tax

	Income tax expenses S'\$000
As per unaudited financial statements	335
Change in the provision of income tax and deferred tax	(1,328)
As per audited financial statements	(993)

	Audited financial statements 2018 (S'\$000)	Group Unaudited financial statements 2018 (S'\$000)	Variance (S'\$000)	Note
ASSETS				
Non-current assets				
Property, plant and equipment	36,854	37,025	(171)	(i)
Goodwill	10,540	13,451	(2,911)	(ii)
Deferred tax assets	-	39	(39)	(iii)
	<u>47,394</u>	<u>50,515</u>		
Current assets				
Contract assets	40,035	40,035	-	
Asset held for sale	8,521	8,521	-	
Inventories	6,133	6,267	(134)	(iv)
Prepayments	802	1,097	(295)	(v)
Trade and other receivables	26,646	22,797	3,849	(vi)
Income tax recoverable	11	11	-	
Cash and bank balances	2,278	2,621	(343)	(vii)
	<u>84,426</u>	<u>81,349</u>		
Total assets	<u>131,820</u>	<u>131,864</u>		
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	18	18	-	
Loans and borrowings	37,333	38,463	(1,130)	(viii)
Trade and other payables	29,241	29,637	(396)	(ix)
Other liabilities	7,619	8,602	(983)	(x)
Income tax payable	2,137	850	1,287	(iii)
	<u>76,348</u>	<u>77,570</u>		
Net current assets	<u>8,078</u>	<u>3,779</u>		
Non-current liabilities				
Deferred tax liabilities	436	147	289	(iii)
Loans and borrowings	18,541	17,838	703	(viii)
	<u>18,977</u>	<u>17,985</u>		
Total liabilities	<u>95,325</u>	<u>95,555</u>		
Net assets	<u>36,495</u>	<u>36,309</u>		
Equity attributable to owners of the Company				

Share capital	31,169	30,766	403	(ii)
Treasury shares	(256)	(256)	-	
Merger reserve	(7,442)	(7,442)	-	
Foreign currency translation reserve	(172)	(96)	(76)	(ii)
Premium on acquisition of non-controlling interest	(355)	(355)	-	
Retained earnings	11,796	14,070		
Equity attributable to owner of the Company	34,740	36,687		
Non-controlling interests	1,755	(378)	2,133	(ii)
Total equity	36,495	36,309		
Total equity and liabilities	131,820	131,864		

The major discrepancy between unaudited and audited balance sheets for the financial year ended 31 December 2018 is mainly due to YC director undertaken all YC debtors as the date of acquisition and end 31 December 2018 of S\$6,451k which resulted in consolidation adjustments of trade and other receivables, goodwill, and non-controlling interest

(i) Property, plant and equipment

	S'\$000
Balance as per unaudited financial statements	37,025
Impairment loss on property, plant and equipment	(171)
Balance as per audited financial statements	<u>36,854</u>

(ii) Goodwill

	S'\$000
Balance as per unaudited financial statements	13,451
Increase in share capital due to fair value approach	403
Adjusted to foreign currency translation reverse	(76)
Adjusted to non-controlling interest	(2,133)
Increase shares loss for FY2018	(237)
YC director undertaken all debts	(867)
Balance as per audit financial statements	<u>10,541</u>

(iii) Income tax and deferred tax

	Deferred tax assets S'\$000	Income tax payable S'\$000	Deferred tax liabilities S'\$000
Balance as per unaudited financial statements	39	(850)	(147)
Changes in the provision of income tax and deferred tax	(39)	(1,297)	(289)
Balance as per audited financial statements	<u>-</u>	<u>(2,147)</u>	<u>(436)</u>

(iv) Inventories

	S'\$000
Balance as per unaudited financial statements	6,267
Impairment loss on inventories	(134)
Balance as per audited financial statements	<u>6,133</u>

(v) Prepayment

S'\$000

	Balance as per unaudited financial statements	1,097	
	Reclassified to trade and other receivables	(179)	
	Write-off receivable for lease deposit paid	(90)	
	Bank facilities fee recognised	(26)	
	Balance as per audited financial statements	<u>802</u>	
(vi)	Trade and other receivables		
		S'\$000	
	Balance as per unaudited financial statements	22,797	
	Additional impairment loss on financial assets	(639)	
	Reclassified from prepayment	179	
	Reclassified from trade and other payable	(396)	
	YC director undertaken all debts	5,584	
	Reclassified from other liabilities	(879)	
	Balance as per audited financial statements	<u>26,646</u>	
(vii)	Cash and bank balances		
		S'\$000	
	Balance as per unaudited financial statements	2,621	
	Reclassified to loan and borrowings	(343)	
	Balance as per audited financial statements	<u>2,278</u>	
(viii)	Loan and borrowings		
		Loan and borrowings (current) S'\$000	Loan and borrowing (non-current) S'\$000
	Balance as per unaudited financial statements	38,463	17,838
	Current and non-current reclass	(703)	703
	Reclassified from cash and bank balance	(343)	-
	Translation difference	84	-
	Balance as per audited financial statements	<u>37,333</u>	<u>18,541</u>
(ix)	Trade and other payables		
		S'\$000	
	Balance as per unaudited financial statements	29,637	
	Reclassified to trade and other receivables	(396)	
	Balance as per audited financial statements	<u>29,241</u>	
(x)	Other liabilities		
		S'\$000	
	Balance as per unaudited financial statements	8,602	
	Reversal provision of restatements cost	(90)	
	Reversal rental expenses over taken up	(14)	
	Reclassified to trade and other receivables	(879)	
	Balance as per audited financial statements	<u>7,619</u>	

By Order of the Board
LIBRA GROUP LIMITED

Chu Sau Ben
Executive Chairman and Chief Executive Officer

15 May 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

The contact person for the Sponsor is Mr Lay Shi Wei, Registered Professional, at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619, telephone (+65) 6381 6757.