



## STARBURST HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 28 October 2013)  
(Company Registration No.: 201329079E)

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### UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

For the First Quarter and Three Months Ended 31 March 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, DBS Bank 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 announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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. Koh Boon Pin, Senior Vice President, Capital Markets, DBS Bank Ltd., at 12 Marina Boulevard Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, telephone +65 6878 8888.*

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- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>		
	<b>Three months ended</b>		
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	6,765	2,875	135.3
Other operating income	67	347	(80.7)
Project and production costs	(5,152)	(2,403)	114.4
Employee benefit expenses	(885)	(647)	36.8
Depreciation expense	(401)	(173)	131.8
Other operating expenses	(810)	(439)	84.5
Finance costs	(63)	(19)	231.6
<b>Loss before income tax</b>	(479)	(459)	4.4
Income tax benefit / (expense)	48	(55)	187.3
<b>Loss for the period</b>	(431)	(514)	(16.1)
<b>Other comprehensive income :</b>			
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>			
Exchange difference on translation of foreign operation	*	*	n.m.
<b>Total comprehensive loss for the period</b>	(431)	(514)	(16.1)
<b>Loss attributable to owners of the Company</b>	(431)	(514)	(16.1)
<b>Total comprehensive loss attributable to owners of the Company</b>	(431)	(514)	(16.1)

n.m. denotes not meaningful.

\* This represents amount less than S\$1,000.

**1(a)(ii) Notes to the Statement of Comprehensive Income**

Loss before income tax has been arrived at after charging (crediting) the following:

	<b>Group</b>		
	<b>Three months ended</b>		
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	401	173	131.8
Amortisation of prepaid insurance	11	11	-
Interest expense	63	19	231.6
Foreign exchange losses (gains) - net	230	(293)	178.5
Gain on disposal of property, plant and equipment	(35)	-	n.m.
Interest income	(4)	(19)	(78.9)

n.m. denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash on hand and at bank	2,794	8,376	258	470
Trade and other receivables	7,477	5,998	12,869	12,655
Contract work-in-progress	11,376	7,409	-	-
Inventories	3,702	4,245	-	-
Total current assets	25,349	26,028	13,127	13,125
<b>Non-current assets</b>				
Fixed deposits pledged	4,392	4,236	-	-
Prepayment	1,056	1,067	-	-
Property, plant and equipment	32,719	32,851	-	-
Deferred tax assets	120	67	-	-
Investment in subsidiaries	-	-	30,438	30,438
Total non-current assets	38,287	38,221	30,438	30,438
<b>Total assets</b>	<b>63,636</b>	<b>64,249</b>	<b>43,565</b>	<b>43,563</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Current portion of bank loans	647	644	-	-
Trade and other payables	1,955	2,450	97	123
Contract work-in-progress	490	-	-	-
Current portion of finance leases	86	86	-	-
Income tax payable	12	7	12	7
Total current liabilities	3,190	3,187	109	130
<b>Non-current liabilities</b>				
Bank loans	13,836	13,999	-	-
Finance leases	228	250	-	-
Total non-current liabilities	14,064	14,249	-	-
<b>Capital and reserves</b>				
Share capital	40,570	40,570	40,570	40,570
Asset revaluation reserve	5,218	5,218	-	-
Currency translation reserve	1	1	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	26,031	26,462	2,886	2,863
Total equity	46,382	46,813	43,456	43,433
<b>Total liabilities and equity</b>	<b>63,636</b>	<b>64,249</b>	<b>43,565</b>	<b>43,563</b>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group			
	31 Mar 2016		31 Dec 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	733	-	730	-
Amount repayable after one year	14,064	-	14,249	-

**Details of any collateral:**

The facilities of the Group are secured by the following:

- 1) First legal mortgage of the leasehold properties;
- 2) Fixed deposits of not less than S\$1.2 million;
- 3) A first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policy taken out on the life of the executive directors for a minimum sum insured of US\$1 million each; and
- 4) A corporate guarantee from the Company.

Finance leases of S\$314,000 (31 Dec 2015: S\$336,000) are secured by the lessor's title on the leased assets.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>	
	<b>Three months ended</b>	
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Loss before income tax	(479)	(459)
Adjustments for:		
- Depreciation expense	401	173
- Interest expense	63	19
- Interest income	(4)	(19)
- Amortisation of prepaid insurance	11	11
- Gain on disposal of property, plant and equipment	(35)	-
<b>Operating cash flows before movements in working capital</b>	(43)	(275)
Trade and other receivables	(1,477)	555
Contract work-in-progress	(3,477)	5,808
Inventories	543	249
Trade and other payables	(495)	(3,410)
<b>Net cash (used in) generated from operations</b>	(4,949)	2,927
Income tax paid	-	(721)
Interest paid	(63)	(19)
Interest received	2	2
<b>Net cash (used in) from operating activities</b>	(5,010)	2,189
<b>Investing activities</b>		
(Increase) Decrease in fixed deposits	(156)	6,998
Proceeds from disposal of property, plant and equipment	35	-
Purchase of property, plant and equipment	(269)	(37)
<b>Net cash (used in) from investing activities</b>	(390)	6,961
<b>Financing activities</b>		
Repayment of finance lease	(22)	(21)
Repayment of bank loans	(160)	(27)
<b>Net cash used in financing activities</b>	(182)	(48)
<b>Net (decrease) increase in cash and cash equivalents</b>	(5,582)	9,102
<b>Cash and cash equivalents at beginning of financial period</b>	8,376	10,696
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	*	*
<b>Cash and cash equivalents at end of financial period (Note A)</b>	2,794	19,798

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (con'd).

**Note A: Cash and cash equivalents**

	<b>Group</b>	
	<b>Three months ended</b>	
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash on hand and at bank	2,794	12,798
Fixed deposits	4,392	10,519
	7,186	23,317
Less: fixed deposits pledged	(4,392)	(3,519)
Cash and cash equivalents	2,794	19,798

\* This represents amount less than S\$1,000.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<b>Group</b>	<b>Share capital</b>	<b>Asset revaluation reserve</b>	<b>Currency translation reserve</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	S\$'000	S\$'000	\$'000	\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2016</b>	40,570	5,218	1	(25,438)	26,462	46,813
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(431)	(431)
Other comprehensive income	-	-	*	-	-	-
<b>Balance at 31 March 2016</b>	<u>40,570</u>	<u>5,218</u>	<u>1</u>	<u>(25,438)</u>	<u>26,031</u>	<u>46,382</u>
<b>Balance at 1 January 2015</b>	40,570	5,218	*	(25,438)	31,122	51,472
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(514)	(514)
Other comprehensive income	-	-	*	-	-	-
<b>Balance at 31 March 2015</b>	<u>40,570</u>	<u>5,218</u>	<u>*</u>	<u>(25,438)</u>	<u>30,608</u>	<u>50,958</u>

\* This represents amount less than S\$1,000.



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (con'd).

<u>Company</u>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2016</b>	40,570	2,863	43,433
Total comprehensive income for the period	-	23	23
<b>Balance at 31 March 2016</b>	<u>40,570</u>	<u>2,886</u>	<u>43,456</u>
<b>Balance at 1 January 2015</b>	40,570	3,254	43,824
Total comprehensive income for the period	-	44	44
<b>Balance at 31 March 2015</b>	<u>40,570</u>	<u>3,298</u>	<u>43,868</u>

**1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles or treasury shares held by the Company as at 31 March 2016 and 31 March 2015.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>Number of ordinary shares</b>	
	<b>As at</b>	
	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>
Total number of issued shares excluding treasury shares	<u>250,000,000</u>	<u>250,000,000</u>

There were no treasury shares held by the Company as at 31 March 2016 and 31 December 2015.

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

Except for the comparative statements of financial position of the Company and Group as at 31 December 2015, the financial statements have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The financial information for the current financial period reported on have been prepared using the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2015.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all new and revised Financial Reporting Standards (“**FRS**”) and Interpretations of FRS (“**INT FRS**”) that are relevant to the Group and effective for financial period beginning on 1 January 2016.

The adoption of these new/revised FRS and INT FRS does not result in any substantial change to the Group’s accounting policies and has no material impact on the financial statements of the Group for the current reporting period or the prior year’s reporting period.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

- (a) **Based on the weighted average number of ordinary shares on issue; and**  
 (b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>Group</b>	
	<b>Three months ended</b>	
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
Loss attributable to owners of the Company (S\$'000)	(431)	(514)
Weighted average number of ordinary shares ('000)	250,000	250,000
Basic and diluted loss per ordinary share (cents)	(0.17)	(0.21)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current period reported on; and**  
 (b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>
Net asset value per ordinary share (cents)	18.55	18.73	17.38	17.37
Number of ordinary shares ('000)	250,000	250,000	250,000	250,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group specialises in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups used by military and law enforcement authorities in Southeast Asia and the Middle East.

### **Review of the Group's Performance**

#### **Revenue**

Our revenue increased by approximately S\$3.9 million or 135.3%, from S\$2.9 million in the three months ended 31 March 2015 ("1Q2015") to S\$6.8 million in the three months ended 31 March 2016 ("1Q2016"). This can be attributed to the different work phases that our projects were in, as revenue is recognised based on the percentage-of-completion method. In 1Q2016, we were involved primarily in the design and fabrication work phases of Marina One architectural steel project at Marina Way in Singapore, and three firearm shooting range projects in the Middle East. In comparison, our projects in 1Q2015 were mostly in the final installation work phase, comprising a firearm shooting range project Southeast Asia, a tactical training mock-up project in Southeast Asia, and a firearm shooting range project in the Middle East.

#### **Project and production costs**

Our project and production costs increased by approximately S\$2.8 million or 114.4%, from S\$2.4 million in 1Q2015 to S\$5.2 million in 1Q2016. The increase was primarily due to the increase in material and fabrication costs in 1Q2016 as more projects were under the design and fabrication work phases as compared to 1Q2015.

#### **Gross profit and gross profit margin**

As a result of the foregoing, our gross profit increased by approximately S\$1.1 million or 220.0%, from S\$0.5 million in 1Q2015 to S\$1.6 million in 1Q2016. Our gross profit margin increased from 17.2% in 1Q2015 to 23.5% in 1Q2016.

#### **Other operating income**

Our other operating income decreased by approximately S\$280,000 or 80.7%, from S\$347,000 in 1Q2015 to S\$67,000 in 1Q2016. In 1Q2015, we recognised a foreign currency exchange gain for an amount of S\$293,000 from a firearm shooting range project in the Middle East.

#### **Employee benefit expenses**

Our employee benefits expenses increased by approximately S\$238,000 or 36.8%, from S\$647,000 in 1Q2015 to S\$885,000 in 1Q2016. The increase in employee benefits expenses was primarily due to the recruitment of additional staff and provision of bonus.

### **Depreciation expenses**

Our depreciation expenses increased by approximately S\$228,000 or 131.8%, from S\$173,000 in 1Q2015 to S\$401,000 in 1Q2016, primarily due to the purchase of new machines, motor vehicles, equipment and new leasehold property at 6 Tuas View Circuit.

### **Other operating expenses**

Our other operating expenses increased by approximately S\$371,000 or 84.5%, from S\$439,000 in 1Q2015 to S\$810,000 in 1Q2016, primarily due to the increase in foreign currency exchange loss arising from the projects in the Middle East.

### **Finance costs**

Our finance costs increased by approximately S\$44,000 or 231.6%, from S\$19,000 in 1Q2015 to S\$63,000 in 1Q2016, primarily due to an increase in the utilisation of term loan.

### **Income tax benefit**

Our income tax benefit increased by approximately S\$103,000 or 187.3%, from income tax expenses of S\$55,000 in 1Q2015 to income tax benefit of S\$48,000 in 1Q2016. The increase in income tax benefit was mainly due to the recognition of deferred tax for the unutilised tax loss.

### **Net loss for the period**

As a result of the foregoing, we recorded a net loss of S\$0.4 million in 1Q2016.

## **Review of the Group's Financial Position**

### **Current assets**

Our current assets decreased by approximately S\$0.7 million from S\$26.0 million as at 31 December 2015 to S\$25.3 million as at 31 March 2016. The decrease in current assets was mainly due to the decrease in cash and bank balances of approximately S\$5.6 million and inventories of approximately S\$0.5 million, which was partially offset by an increase in trade and other receivables of approximately S\$1.5 million and contract work-in-progress of approximately S\$3.9 million.

### **Non-current assets**

Our non-current assets remained stable at approximately S\$38.2 million as at 31 December 2015 and as at 31 March 2016.

### **Current liabilities**

Our current liabilities remained stable at approximately S\$3.2 million as at 31 December 2015 and as at 31 March 2016.

### **Non-current liabilities**

Our non-current liabilities remained stable at approximately S\$14.2 million and S\$14.1 million as at 31 December 2015 and as at 31 March 2016 respectively.

## **Review of the Group's Statement of Cash Flows**

### **Net cash used in operating activities**

Net cash used in operating activities was approximately S\$5.0 million in 1Q2016, which was a result of operating cash outflows before movements in working capital of approximately S\$43,000, mainly pared by an increase in working capital of approximately S\$4.9 million. The increase in working capital was primarily due to the increase in trade and other receivables of approximately S\$1.5 million, contract work-in-progress of approximately S\$3.4 million and a decrease in trade and other payables of approximately S\$0.5 million and partially offset by a decrease in inventories of approximately S\$0.5 million.

### **Net cash used in investing activities**

Net cash used in investing activities was approximately S\$390,000 in 1Q2016, which was primarily due to the increase in fixed deposits of approximately S\$156,000 and purchase of property, plant and equipment of approximately S\$269,000, which was partially offset by the proceeds from disposal of property, plant and equipment of S\$35,000.

### **Net cash used in financing activities**

Net cash used in financing activities was approximately S\$182,000 in 1Q2016, which was primarily due to repayment of bank loans of approximately S\$160,000 and repayment of finance lease of approximately S\$22,000.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable as there was no forecast or any prospect statement previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As military and law enforcement agencies prepare for the rising terrorism threats by better equipping their security personnel with effective and more intense training on the use of live firearms, the Group is actively responding to enquiries and requests for tenders for firearm shooting ranges, tactical training mock-ups and other security-related equipment from authorities in Southeast Asia and the Middle East. The Group expects to secure new contracts in the current financial year.

In addition to providing new and refurbishing existing firearm training facilities, the Group is also working closely with the relevant authorities to prolong the operational efficiency of their increasingly complex and sophisticated shooting ranges through proper and timely maintenance. With firearm training ranges being subject to more vigorous trainings with higher calibre firearms, these authorities are mindful of working with reputable maintenance service providers like Starburst and such opportunities will enable the Group to expand its portfolio of maintenance services contracts as well as grow its recurrent revenue base.

As a major portion of the Group's business is project based, the revenue contribution from the Group's project based business may vary from quarter to quarter, depending on the size and scope of the projects on hand and their completion schedules.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared or recommended for the first quarter and three months ended 31 March 2016.

**13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transactions.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that undertakings have been procured from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

**15. Negative Confirmation pursuant to Rule 705(5) of the Listing Manual.**

On behalf of the Board of Directors of the Company, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter and three months ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board

Edward Lim Chin Wah  
Chairman and Executive Director

Yap Tin Foo  
Managing Director

**BY ORDER OF THE BOARD**

Edward Lim Chin Wah  
Chairman and Executive Director

12 May 2016