



## 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 Second Quarter and Half Year Ended 30 June 2015

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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.*

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Starburst Holdings Limited (the "**Company**") was incorporated in the Republic of Singapore on 28 October 2013 under the Companies Act as a limited exempt private company. The Company and its subsidiaries (the "**Group**") was formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") undertaken to rationalise the corporate and shareholding structures of the Group prior to the Company's listing on Catalist of the SGX-ST on 10 July 2014.

For the purpose of this announcement, the results of the Group have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise had been in existence since 1 January 2011 or from the date the entities are under common control, if later.

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.

	Group					
	Three Months Ended			Six Months Ended		
	30 Jun 2015	30 Jun 2014	Change	30 Jun 2015	30 Jun 2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	4,123	7,924	(48.0)	6,998	21,456	(67.4)
Other operating income	43	5	760.0	279	28	896.4
Project and production costs	(3,909)	(3,191)	22.5	(6,312)	(8,087)	(21.9)
Employee benefit expenses	(677)	(731)	(7.4)	(1,324)	(1,344)	(1.5)
Depreciation expenses	(269)	(139)	93.5	(442)	(275)	60.7
Other operating expenses	(662)	(211)	213.7	(990)	(719)	37.7
Finance costs	(45)	(84)	(46.4)	(64)	(181)	(64.6)
<b>(Loss)/Profit before income tax</b>	<b>(1,396)</b>	<b>3,573</b>	<b>(139.1)</b>	<b>(1,855)</b>	<b>10,878</b>	<b>(117.1)</b>
Income tax expenses	(5)	(601)	(99.2)	(60)	(1,832)	(96.7)
<b>(Loss)/Profit for the period</b>	<b>(1,401)</b>	<b>2,972</b>	<b>(147.1)</b>	<b>(1,915)</b>	<b>9,046</b>	<b>(121.2)</b>
<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.	*	*	n.m.
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,401)</b>	<b>2,972</b>	<b>(147.1)</b>	<b>(1,915)</b>	<b>9,046</b>	<b>(121.2)</b>
<b>(Loss)/Profit attributable to owners of the Company</b>	<b>(1,401)</b>	<b>2,972</b>	<b>(147.1)</b>	<b>(1,915)</b>	<b>9,046</b>	<b>(121.2)</b>
<b>Total comprehensive (loss)/income attributable to owners of the Company</b>	<b>(1,401)</b>	<b>2,972</b>	<b>(147.1)</b>	<b>(1,915)</b>	<b>9,046</b>	<b>(121.2)</b>

n.m. denotes not meaningful.

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

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

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

	<b>Group</b>					
	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>	<b>Change</b>	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	269	139	93.5	442	275	60.7
Gain on disposal of property, plant and equipment	(9)	-	n.m.	(9)	-	n.m.
Amortisation of prepaid insurance	11	11	-	22	21	4.8
Interest expenses	45	84	(46.4)	64	181	(64.6)
Writeback of allowance for doubtful receivables	-	-	n.m.	-	(10)	n.m.
Foreign exchange losses/(gains)-net	112	(96)	216.7	(181)	37	(589.2)
Interest income	(6)	(2)	200.0	(25)	(6)	316.7

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	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6,233	5,688	791	2,280
Fixed deposits	-	12,008	-	12,008
Trade and other receivables	8,301	13,398	14,316	3,773
Contract work-in-progress	10,714	15,982	-	-
Inventories	4,172	2,445	-	-
<b>Total current assets</b>	<b>29,420</b>	<b>49,521</b>	<b>15,107</b>	<b>18,061</b>
<b>Non-current assets</b>				
Fixed deposits pledged	3,519	3,517	-	-
Prepayment	1,089	1,111	-	-
Property, plant and equipment	31,853	9,055	-	-
Investment in subsidiaries	-	-	25,888	25,888
<b>Total non-current assets</b>	<b>36,461</b>	<b>13,683</b>	<b>25,888</b>	<b>25,888</b>
<b>Total assets</b>	<b>65,881</b>	<b>63,204</b>	<b>40,995</b>	<b>43,949</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans	638	107	-	-
Trade and other payables	1,599	5,886	100	125
Current portion of finance leases	86	86	-	-
Income tax payable	1,164	2,693	11	-
<b>Total current liabilities</b>	<b>3,487</b>	<b>8,772</b>	<b>111</b>	<b>125</b>
<b>Non-current liabilities</b>				
Bank loans	14,321	1,449	-	-
Finance leases	292	335	-	-
Deferred tax liabilities	1,223	1,176	-	-
<b>Total non-current liabilities</b>	<b>15,836</b>	<b>2,960</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	40,570	40,570	40,570	40,570
Merger reserve	(25,438)	(25,438)	-	-
Asset revaluation reserve	5,218	5,218	-	-
Currency translation reserve	1	*	-	-
Retained earnings	26,207	31,122	314	3,254
<b>Total equity</b>	<b>46,558</b>	<b>51,472</b>	<b>40,884</b>	<b>43,824</b>
<b>Total liabilities and equity</b>	<b>65,881</b>	<b>63,204</b>	<b>40,995</b>	<b>43,949</b>

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

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.

	30 Jun 2015		31 Dec 2014	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Amount repayable in one year or less, or on demand	724	-	193	-
Amount repayable after one year	14,613	-	1,784	-

**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\$378,000 (31 Dec 2014: S\$421,000) 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.

	Group			
	Three Months Ended		Six Months Ended	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
(Loss)/Profit before income tax	(1,396)	3,573	(1,855)	10,878
Adjustments for:				
- Writeback of allowance for doubtful receivables	-	-	-	(10)
- Gain on disposal of property, plant and equipment	(9)	-	(9)	-
- Depreciation expense	269	139	442	275
- Interest expense	45	84	64	181
- Interest income	(6)	(2)	(25)	(6)
- Amortisation of prepaid insurance	11	11	22	21
<b>Operating cash flows before movements in working capital</b>	(1,086)	3,805	(1,361)	11,339
Trade and other receivables	4,546	8,332	5,101	3,433
Contract work-in-progress	(540)	496	5,268	(5,234)
Inventories	(1,976)	(177)	(1,727)	281
Trade and other payables	(877)	(1,302)	(4,287)	(1,605)
<b>Net cash generated from operations</b>	67	11,154	2,994	8,214
Income tax paid	(821)	(727)	(1,542)	(727)
Interest paid	(45)	(84)	(64)	(181)
Interest received	19	2	21	6
<b>Net cash (used in) from operating activities</b>	(780)	10,345	1,409	7,312
<b>Investing activities</b>				
Decrease in fixed deposits	-	-	6,998	2,005
Purchase of property, plant and equipment	(23,194)	(42)	(23,231)	(132)
<b>Net cash (used in) from investing activities</b>	(23,194)	(42)	(16,233)	1,873
<b>Financing activities</b>				
Proceeds from bank loans	15,000	-	15,000	-
Repayment of finance lease	(22)	(21)	(43)	(43)
Trust receipts	-	(352)	-	65
Repayment of bank loans	(1,570)	(167)	(1,597)	(338)
Dividend paid	(3,000)	(2,250)	(3,000)	(2,250)
<b>Net cash from (used in) financing activities</b>	10,408	(2,790)	10,360	(2,566)
<b>Net (decrease) increase in cash and cash equivalents</b>	(13,566)	7,513	(4,464)	6,619
<b>Cash and cash equivalents at beginning of financial period</b>	19,798	(1,650)	10,696	(756)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1	*	1	*
<b>Cash and cash equivalents at end of financial period</b>	6,233	5,863	6,233	5,863

\* 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.

<u>Group</u>	<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 2015</b>	40,570	5,218	*	(25,438)	31,122	51,472
Transactions with owners, recognised directly in equity						
Dividend	-	-	-	-	(3,000)	(3,000)
	40,570	5,218	*	(25,438)	28,122	48,472
Total comprehensive loss for the period :						
Loss for the period	-	-	-	-	(1,915)	(1,915)
Other comprehensive income	-	-	1	-	-	1
<b>Balance at 30 June 2015</b>	40,570	5,218	1	(25,438)	26,207	46,558
<b>Balance at 1 January 2014</b>	450	5,218	*	-	20,213	25,881
Transactions with owners, recognised directly in equity						
Restructuring Exercise	(450)	-	-	(25,438)	-	(25,888)
Issue of shares pursuant to the Restructuring Exercise	25,888	-	-	-	-	25,888
Dividend	-	-	-	-	(2,250)	(2,250)
	25,888	5,218	*	(25,438)	17,963	23,631
Total comprehensive income for the period	-	-	*	-	9,046	9,046
<b>Balance at 30 June 2014</b>	25,888	5,218	*	(25,438)	27,009	32,677

\* 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>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	S\$	S\$	S\$
<b>Balance at 1 January 2015</b>	40,569,797	3,253,938	43,823,735
Transactions with owners, recognised directly in equity			
Dividend		(3,000,000)	(3,000,000)
	40,569,797	253,938	40,823,735
Total comprehensive income for the period	-	59,984	59,984
<b>Balance at 30 June 2015</b>	<u>40,569,797</u>	<u>313,922</u>	<u>40,883,719</u>
<b>Balance at 1 January 2014</b>	2	(389)	(387)
Transactions with owners, recognised directly in equity			
Issue of shares pursuant to the Restructuring Exercise	25,887,739	-	25,887,739
	25,887,741	(389)	25,887,352
Total comprehensive loss for the period	-	(7,973)	(7,973)
<b>Balance at 30 June 2014</b>	<u>25,887,741</u>	<u>(8,362)</u>	<u>25,879,379</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 30 June 2015 and 30 June 2014.

**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.**

	Number of ordinary shares	
	As at	
	30 Jun 2015	31 Dec 2014
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 30 June 2015 and 31 December 2014.

**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 statement of financial position of the Group as at 31 December 2014, 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 2014.

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 2015.

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>Six Months Ended</b>	
	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>
(Loss)/Profit attributable to owners of the Company (S\$’000)	(1,401)	2,972	(1,915)	9,046
Number of ordinary shares (‘000) <sup>(1)</sup>	250,000	250,000	250,000	250,000
Basic and diluted (loss)/earnings per ordinary share (cents)	(0.56)	1.19	(0.77)	3.62

Earnings per ordinary share is calculated based on (loss)/profit attributable to owners of the Company and issued ordinary shares of 250,000,000 as at 30 June 2015.

Note :

- (1) For illustrative purpose, the issued and paid up share capital of the Company of 250,000,000 ordinary shares is assumed to have been in issue throughout the entire three months and six months ended 30 June 2014 and 30 June 2015.

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 <sup>(1)</sup></b>	
	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>
Net asset value per ordinary share (cents)	18.62	20.59	16.35	17.53
Number of ordinary shares (‘000) <sup>(2)</sup>	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**

The Group secured contracts and letters of intent for projects and maintenance work totalling approximately S\$37.5 million in the first six months of 2015. Although preliminary design work has begun for some of these projects, negligible revenue was recognised in the half year ended 30 June 2015. Fabrication works for some of these projects are expected to commence in the third quarter of 2015.

For the half year ended 30 June 2015 ("**HY2015**"), our revenue was approximately S\$6.998 million, which was lower than our revenue of S\$21.456 million for the half year ended 30 June 2014 ("**HY2014**"). Our HY2015 revenue was largely derived from completing the final phase of a firearm shooting range project and a tactical training mock-up project in Southeast Asia in June 2015, and a firearm shooting range project in the Middle East in April 2015.

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

Our project and production costs decreased by approximately S\$1.775 million or 21.9%, from S\$8.087 million in HY2014 to S\$6.312 million in HY2015. The decrease was primarily due to the decrease in material and fabrication costs in HY2015, when existing projects were mostly close to completion and there were relatively less fabrication and installation works as compared to HY2014.

#### **Gross profit**

As a result of the foregoing, our gross profit decreased from S\$13.369 million in HY2014 to S\$0.686 million in HY2015. In addition to the lower revenue, our gross profit in HY2015 was also impacted by a delay in the handing over of project infrastructure as well as changes to the original ballistic protection system requirements, which resulted in higher than expected costs incurred for the project.

#### **Other operating income**

Our other operating income increased by approximately S\$251,000 or 896.4%, from S\$28,000 in HY2014 to S\$279,000 in HY2015. The increase was primarily due to foreign currency exchange gain of approximately S\$181,000 from a firearm shooting range project in the Middle East in HY2015.

### **Employee benefit expenses**

Our employee benefits expenses remained stable at S\$1.324 million in HY2015 as compared to S\$1.344 million in HY2014.

### **Depreciation expenses**

Our depreciation expenses increased by approximately S\$167,000 or 60.7%, from S\$275,000 in HY2014 to S\$442,000 in HY2015, primarily due to the purchase of new machines, motor vehicles, equipments and leasehold property at 6 Tuas View Circuit.

### **Other operating expenses**

Our other operating expenses increased by approximately S\$271,000 or 37.7%, from S\$719,000 in HY2014 to S\$990,000 in HY2015, primarily due to increase in professional fees, such as listing retainer fee, sponsor fee and investor relationship consultancy fees incurred in HY2015 as compared to HY2014.

### **Finance costs**

Our finance costs decreased by approximately S\$117,000 or 64.6%, from S\$181,000 in HY2014 to S\$64,000 in HY2015, primarily due to a decrease in the utilisation of bank overdrafts, letters of credit and trust receipts in HY2015 as compared to HY2014.

### **Income tax expense**

Our income tax expense decreased by approximately S\$1.772 million or 96.7%, from S\$1.832 million in HY2014 to S\$60,000 in HY2015. The decrease in income tax expense was in line with the decrease in loss before income tax.

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

As a result of the foregoing, we recorded a net loss of S\$1.915 million in HY2015.

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

### **Current assets**

Our current assets decreased by approximately S\$20.101 million from S\$49.521 million as at 31 December 2014 to S\$29.420 million as at 30 June 2015. The decrease in current assets were mainly due to the decrease in trade and other receivables of approximately S\$5.097 million, contract work-in-progress of approximately S\$5.268 million and fixed deposits of approximately S\$12.008 million, which were partially offset by an increase in cash and bank balances of approximately S\$0.545 million and inventories of approximately S\$1.727 million.

### **Non-current assets**

Our non-current assets increased by approximately S\$22.778 million from S\$13.683 million as at 31 December 2014 to S\$36.461 million as at 30 June 2015, which was primarily due to the increase in property, plant and equipment of approximately S\$22.798 million and partially offset by the depreciation charge for the period.

## **Current liabilities**

Our current liabilities decreased by approximately S\$5.285 million from S\$8.772 million as at 31 December 2014 to S\$3.487 million as at 30 June 2015. The decrease in current liabilities was primarily due to the decrease in trade and other payables of approximately S\$4.287 million and income tax payable of approximately S\$1.529 million, which was partially offset by an increase in short term bank loans of approximately S\$0.531 million.

## **Non-current liabilities**

Our non-current liabilities increased by approximately S\$12.876 million from S\$2.960 million as at 31 December 2014 to S\$15.836 million as at 30 June 2015. The increase in non-current liabilities was primarily due to the increase in bank loans of approximately S\$12.872 million and increase in deferred tax liabilities of approximately S\$47,000 and partially offset by a decrease in finance leases of approximately S\$43,000.

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

### **Net cash from operating activities**

Net cash from operating activities was approximately S\$1.409 million in HY2015, which was a result of working capital inflow of approximately S\$4.355 million, mainly pared by operating cash outflow before movements in working capital of approximately S\$1.361 million and income tax payments of approximately S\$1.542 million. The increase in working capital was primarily due to the decrease in trade and other receivables of approximately S\$5.101 million and decrease in contract work-in-progress of approximately S\$5.268 million, partially offset by an increase in inventories of approximately S\$1.727 million and a decrease in trade and other payables of approximately S\$4.287 million.

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

Net cash used in investing activities was approximately S\$16.233 million in HY2015, which was primarily due to the purchase of property, plant and equipment of approximately S\$23.231 million and partially offset by the withdrawal of fixed deposits of approximately S\$6.998 million.

### **Net cash from financing activities**

Net cash from financing activities was approximately S\$10.360 million in HY2015, which was primarily due to drawdown of a new mortgage loan of approximately S\$15.000 million and partially offset by dividend payments of approximately S\$3.000 million, repayment of bank loans of approximately S\$1.597 million and repayment of finance lease of approximately S\$43,000.

## **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.**

To counter the trend of increasing terrorism threats globally, military and law enforcement authorities will have to better equip their security personnel with more effective and more intense trainings on the use of live firearms.

The Group has received a healthy level of enquiries for firearm shooting ranges and tactical training mock-ups from authorities in Southeast Asia and the Middle East. The Group will continue to respond to these enquiries and requests for tenders, and expects to secure more new contracts in the second half of 2015. The recently acquired larger factory will facilitate the execution of new contracts secured in the first half of 2015.

In addition, the Group is working to expand its portfolio of maintenance services contracts as users of firearm training facilities today are more mindful of working with reputable maintenance service providers to maintain the operational efficiency of their shooting ranges, following a trend of rising cost of shooting ranges. This trend is in line with the increase in complexity and sophistication of shooting ranges to cope with more rigorous trainings and higher calibre of firearms used, and presents an opportunity to the Group to grow its recurrent revenue base.

A major portion of the Group's business is project based, and 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 second quarter and half year ended 30 June 2015.

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. **Use of IPO proceeds**

The Company refers to the gross proceeds of S\$15.5 million raised from the IPO on the Catalist Board of the SGX-ST on 10 July 2014. As at the date of this announcement, the status on the use of IPO proceeds is as follows:

**Use of the gross proceeds**

	<b>Amount allocated (S\$'000)</b>	<b>Amount utilised (S\$'000)</b>	<b>Balance (S\$'000)</b>
Acquisition of leasehold land and buildings	7,000	(7,000)	-
Acquisition of plant and machinery	800	(800)	-
General working capital purposes	5,687	(2,526)	3,161
IPO expenses	2,013	(2,013)	-
<b>Total</b>	<b>15,500</b>	<b>(12,339)</b>	<b>3,161</b>

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

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 second quarter and half year ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board

Edward Lim Chin Wah  
Executive Chairman

Yap Tin Foo  
Managing Director

**BY ORDER OF THE BOARD**

Edward Lim Chin Wah  
Executive Chairman

12 August 2015