



## 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 Financial Year Ended 31 December 2014

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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, Vice President, Capital Markets, DBS Bank Ltd., at 12 Marina Boulevard Level 46, DBS Asia Central, Marina Bay Financial Centre Tower 3, Singapore 018982, telephone +65 6878 8888.*

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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.

	<b>Group</b>		
	<b>12 months ended</b>		
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	39,356	21,045	87.0
Other operating income	576	1,211	(52.4)
Project and production costs	(17,168)	(8,412)	104.1
Employee benefits expenses	(3,341)	(2,058)	62.3
Depreciation expenses	(593)	(422)	40.5
Other operating expenses	(2,808)	(1,175)	139.0
Finance costs	(260)	(82)	217.1
<b>Profit before income tax</b>	15,762	10,107	56.0
Income tax expenses	(2,603)	(1,378)	88.9
<b>Profit for the year</b>	13,159	8,729	50.8
<b>Other comprehensive income (net of tax):</b>			
<u>Items that will not be reclassified to profit or loss</u>			
Gain on revaluation of property	-	6,287	n.m.
Deferred tax arising from the revaluation of property	-	(1,069)	n.m.
Other comprehensive income for the year, net of tax	-	5,218	n.m.
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference on translation of foreign operation	*	*	n.m.
<b>Total comprehensive income for the year</b>	13,159	13,947	(5.6)
<b>Profit attributable to owners of the Company</b>	13,159	8,729	50.8
<b>Total comprehensive income attributable to owners of the Company</b>	13,159	13,947	(5.6)

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>12 months ended</b>		
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	593	422	40.5
Amortisation of prepaid insurance	45	15	200.0
Interest expenses	260	82	217.1
Writeback of allowance for doubtful receivables	(10)	(1,145)	(99.1)
(Writeback of) increase in allowance for inventories	(6)	72	(108.3)
Bad debts written off	-	1	n.m.
Gain on disposal of property, plant and equipment	(93)	-	n.m.
Write-off of property, plant and equipment	4	-	n.m.
Foreign exchange (gains) losses - net	(391)	27	(1,548.1)
Interest income	(42)	(14)	200.0

n.m. denotes not meaningful.

(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 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	5,688	478	2,280	10
Fixed deposits	12,008	-	12,008	-
Trade and other receivables	13,398	10,478	3,773	-
Contract work-in-progress	15,982	10,595	-	-
Inventories	2,445	3,139	-	-
<b>Total current assets</b>	<b>49,521</b>	<b>24,690</b>	<b>18,061</b>	<b>10</b>
<b>Non-current assets</b>				
Fixed deposits pledged	3,517	5,514	-	-
Prepayment	1,111	1,155	-	-
Property, plant and equipment	9,055	8,853	-	-
Investment in subsidiaries	-	-	25,888	-
<b>Total non-current assets</b>	<b>13,683</b>	<b>15,522</b>	<b>25,888</b>	<b>-</b>
<b>Total assets</b>	<b>63,204</b>	<b>40,212</b>	<b>43,949</b>	<b>10</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trust receipts, bank overdrafts and loans	107	3,208	-	-
Trade and other payables	5,886	3,837	125	10
Current portion of finance leases	86	86	-	-
Contract work-in-progress	-	282	-	-
Income tax payable	2,693	1,540	-	-
<b>Total current liabilities</b>	<b>8,772</b>	<b>8,953</b>	<b>125</b>	<b>10</b>
<b>Non-current liabilities</b>				
Bank loans	1,449	3,796	-	-
Finance leases	335	421	-	-
Deferred tax liabilities	1,176	1,161	-	-
<b>Total non-current liabilities</b>	<b>2,960</b>	<b>5,378</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	40,570	450	40,570	*
Merger reserve	(25,438)	-	-	-
Asset revaluation reserve	5,218	5,218	-	-
Currency translation reserve	*	*	-	-
Retained earnings / (Accumulated losses)	31,122	20,213	3,254	(*)
<b>Total equity</b>	<b>51,472</b>	<b>25,881</b>	<b>43,824</b>	<b>(*)</b>
<b>Total liabilities and equity</b>	<b>63,204</b>	<b>40,212</b>	<b>43,949</b>	<b>10</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.

	Group			
	31 Dec 2014		31 Dec 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	193	-	3,294	-
Amount repayable after one year	1,784	-	4,217	-

**Details of any collateral:**

The facilities for the Group are secured by the following:

- 1) First legal mortgage of the leasehold property;
- 2) Fixed and floating charge on all assets and undertakings, both present and future, including goodwill and uncalled capital;
- 3) Fixed deposits of not less than S\$1.2 million;
- 4) 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 directors for a minimum sum insured of US\$1 million each; and
- 5) Joint and several personal guarantees from the directors of the Company.

Finance leases of S\$421,000 (31 Dec 2013: S\$507,000) 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>12 months ended</b>	
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before income tax	15,762	10,107
Adjustments for:		
- Writeback of allowance for doubtful receivables	(10)	(1,145)
- (Writeback of) increase in allowance for inventories	(6)	72
- Bad debts written off	-	1
- Gain on disposal of property, plant and equipment	(93)	-
- Write-off of property, plant and equipment	4	-
- Depreciation expense	593	422
- Interest expense	260	82
- Interest income	(42)	(14)
- Amortisation of prepaid insurance	45	15
<b>Operating cash flows before movements in working capital</b>	<b>16,513</b>	<b>9,540</b>
Trade and other receivables	(2,881)	(7,785)
Contract work-in-progress	(5,669)	(8,040)
Inventories	700	(1,873)
Trade and other payables	2,049	2,592
<b>Net cash generated from (used in) operations</b>	<b>10,712</b>	<b>(5,566)</b>
Income tax paid	(1,435)	(1,065)
Interest paid	(260)	(82)
Interest received	12	14
<b>Net cash from (used in) operating activities</b>	<b>9,029</b>	<b>(6,699)</b>
<b>Investing activities</b>		
Increase in fixed deposits	(5,003)	(2,160)
Proceeds from disposal of property, plant and equipment	93	-
Purchase of property, plant and equipment	(799)	(472)
<b>Net cash used in investing activities</b>	<b>(5,709)</b>	<b>(2,632)</b>
<b>Financing activities</b>		
Proceeds from issuance of ordinary shares, net of transactions costs	14,682	-
Proceeds from bank loans	-	3,000
Repayment of finance lease	(86)	(86)
Trust receipts	(1,290)	1,290
Repayment of bank loans	(2,924)	(459)
Dividend paid	(2,250)	(1,620)
<b>Net cash from financing activities</b>	<b>8,132</b>	<b>2,125</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,452</b>	<b>(7,206)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>(756)</b>	<b>6,450</b>
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	*	*
<b>Cash and cash equivalents at end of financial year (Note A)</b>	<b>10,696</b>	<b>(756)</b>

**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>31 Dec 2014</b> <b>S\$'000</b>	<b>31 Dec 2013</b> <b>S\$'000</b>
Cash on hand and at bank	5,688	478
Fixed deposits	15,525	5,514
Bank overdraft	-	(1,234)
	<hr/>	<hr/>
	21,213	4,758
Fixed deposits with maturity date is more than 3 months from the end of the reporting period	(7,000)	-
Fixed deposits pledged	(3,517)	(5,514)
	<hr/>	<hr/>
Cash and cash equivalents	<u>10,696</u>	<u>(756)</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.

<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 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)
Issue of shares pursuant to the IPO	15,500	-	-	-	-	15,500
Share issue expenses	(818)	-	-	-	-	(818)
	40,570	5,218	*	(25,438)	17,963	38,313
Total comprehensive income for the year	-	-	*	-	13,159	13,159
<b>Balance at 31 December 2014</b>	<b>40,570</b>	<b>5,218</b>	<b>*</b>	<b>(25,438)</b>	<b>31,122</b>	<b>51,472</b>
<b>Balance at 1 January 2013</b>	450	-	-	-	13,104	13,554
Transactions with owners, recognised directly in equity						
Dividend	-	-	-	-	(1,620)	(1,620)
	450	-	-	-	11,484	11,934
Total comprehensive income for the year :						
Profit for the year	-	-	-	-	8,729	8,729
Other comprehensive income	-	5,218	*	-	-	5,218
<b>Balance at 31 December 2013</b>	<b>450</b>	<b>5,218</b>	<b>*</b>	<b>-</b>	<b>20,213</b>	<b>25,881</b>

\* 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>Accumulated losses</u>	<u>Total equity</u>
	S\$	S\$	S\$
<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
Issue of shares pursuant to the IPO	15,500,000	-	15,500,000
Share issue expenses	(817,944)	-	(817,944)
	40,569,797	(389)	40,569,408
Total comprehensive income for the year	-	3,254,327	3,254,327
<b>Balance at 31 December 2014</b>	<b>40,569,797</b>	<b>3,253,938</b>	<b>43,823,735</b>
<b>Balance at the date of incorporation on 28 October 2013</b>	2	-	2
Total comprehensive loss for the period	-	(389)	(389)
<b>Balance at 31 December 2013</b>	<b>2</b>	<b>(389)</b>	<b>(387)</b>

**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.**

**Details of changes in the Company's share capital**

	Number of ordinary shares	Issued and paid-up share capital S\$
Issued and paid up share capital at the incorporation of our Company on 28 October 2013	2	2
Issue of shares pursuant to the Restructuring Exercise	199,999,998	25,887,739
	<u>200,000,000</u>	<u>25,887,741</u>
Issue of shares pursuant to the IPO	50,000,000	15,500,000
Share issue expenses	-	(817,944)
	<u>250,000,000</u>	<u>40,569,797</u>

Pursuant to the Restructuring Agreement dated on 23 May 2014, the Company increased its share capital by way of issuing new shares to acquire the wholly owned subsidiary, Starburst Engineering Pte Ltd. The purchase consideration of S\$25,887,739 was satisfied by issuance of 199,999,998 new shares to the shareholders of Starburst Engineering Pte Ltd. This Restructuring Exercise was completed on 27 May 2014.

Pursuant to the IPO, 50,000,000 new shares of the Company have been issued to institutional and public investors at issue price of S\$0.31 per share in connection with its listing on Catalist of the SGX-ST on 10 July 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	
	31 Dec 2014	31 Dec 2013
Total number of issued shares excluding treasury shares	<u>250,000,000</u>	<u>2</u>

The Company was incorporated on 28 October 2013 and did not have any treasury shares as at 31 December 2014 and 31 December 2013.

**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 2013, 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 year 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 2013.

**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 2014.

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).**

	Group 12 months ended	
	31 Dec 2014	31 Dec 2013
Profit attributable to owners of the Company (S\$'000)	13,159	8,729
Number of ordinary shares ('000) <sup>(1)</sup>	250,000	250,000
Basic and diluted earnings per ordinary share (cents)	5.26	3.49

Earnings per ordinary share is calculated based on profit attributable to owners of the Company and issued ordinary shares of 250,000,000 as at 31 December 2014.

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 twelve months ended 31 December 2013 and 31 December 2014.

**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.**

	Group		Company <sup>(1)</sup>	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per ordinary share (cents)	20.59	10.35	17.53	n.m.
Number of ordinary shares ('000) <sup>(2)</sup>	250,000	250,000	250,000	-

Notes:

- (1) As the Company was incorporated on 28 October 2013 with an issued and paid-up share capital of 2 shares, the net asset value as of 31 December 2013 is not meaningful.
- (2) For Group 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 as at 31 December 2013.

**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.

In the year ended 31 December 2014 ("FY2014"), the Group's revenue rose 87.6% to S\$39.4 million and net profit grew 51.7% to S\$13.2 million compared to the previous corresponding period. In the year ended 31 December 2013 ("FY2013"), we benefited from a S\$1.1 million writeback of allowance for doubtful trade receivables whereas in FY2014, we booked a one-time expense of S\$1.2 million for professional fees and related expenses in relation to the Company's IPO in July 2014.

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

### **Revenue**

Our revenue increased by approximately S\$18.4 million or 87.6%, from S\$21.0 million in FY2013 to S\$39.4 million in FY2014. This was primarily due to the commencement of fabrication and installation works for a firearm shooting range project and a tactical training mock-up project both in Southeast Asia, and a firearm shooting range project in the Middle East. These projects were mostly in the design work phase in FY2013 and there were more fabrication works carried out in FY2014 as compared to FY2013.

### **Project and production costs**

Our project and production costs increased by approximately S\$8.8 million or 104.8%, from S\$8.4 million in FY2013 to S\$17.2 million in FY2014, primarily due to the increase in material and fabrication costs in connection with major fabrication and installation works carried out in FY2014. The increase was in line with the increase in revenue in FY2014.

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

As a result of the foregoing, our gross profit increased by approximately S\$9.6 million or 76.2%, from S\$12.6 million in FY2013 to S\$22.2 million in FY2014. Our gross profit margin marginally decreased from 60.0% in FY2013 to 56.4% in FY2014.

### **Other operating income**

Our other operating income decreased by approximately S\$0.6 million or 50.0%, from S\$1.2 million in FY2013 to S\$0.6 million in FY2014. The decrease was primarily due to other operating income inflated by the writeback of allowance of doubtful trade receivables from a customer in FY2013 in connection with a project in the Middle East.

### **Employee benefits expenses**

Our employee benefits expenses increased by approximately S\$1.3 million or 65.0%, from S\$2.0 million in FY2013 to S\$3.3 million in FY2014. The increase in employee benefits expenses was primarily due to additional staff being recruited for our Abu Dhabi representative office, an annual increment exercise for our staff, provision of bonuses for staff, and directors' fees and performance bonus.

### **Depreciation expenses**

Our depreciation expenses increased by approximately S\$0.2 million or 50.0%, from S\$0.4 million in FY2013 to S\$0.6 million in FY2014, primarily due to the adoption of the revaluation model under FRS 16 *Property, Plant and Equipment* for our leasehold land and building in May 2013, which resulted in an increase in the carrying value of our leasehold land and building.

### **Other operating expenses**

Our other operating expenses increased by approximately S\$1.6 million or 133.3%, from S\$1.2 million in FY2013 to S\$2.8 million in FY2014, primarily due to the increase in professional fees and related expenses of approximately S\$1.2 million in relation to the Company's IPO in July 2014 and additional administrative, sales and marketing costs incurred for our Abu Dhabi representative office.

## **Finance costs**

Our finance costs increased by approximately S\$178,000 or 217.1%, from S\$82,000 in FY2013 to S\$260,000 in FY2014, primarily due to an increase in the utilisation of term loan, bank overdrafts, letters of credit and trust receipts in FY2014 as compared to FY2013.

## **Income tax expense**

Our income tax expense increased by approximately S\$1.2 million or 85.7%, from S\$1.4 million in FY2013 to S\$2.6 million in FY2014. The increase in income tax expense was mainly attributable to the increase in profit before income tax, non-deductible expenses arising from the IPO and less tax allowance claimed under the PIC scheme as compared to FY2013.

## **Net profit and net profit margin**

As a result of the foregoing, our net profit for the year increased by S\$4.5 million or 51.7%, from S\$8.7 million in FY2013 to S\$13.2 million in FY2014, and our net profit margin decreased from 41.5% in FY2013 to 33.5% in FY2014.

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

### **Current assets**

Our current assets increased by approximately S\$24.8 million from S\$24.7 million as at 31 December 2013 to S\$49.5 million as at 31 December 2014. The increase in current assets was mainly due to the increase in cash on hand and at bank of approximately S\$5.2 million, fixed deposits of S\$12.0 million, contract work-in-progress of approximately S\$5.4 million and trade and other receivables of approximately S\$2.9 million which was partially offset by a decrease in inventories of approximately S\$0.7 million.

### **Non-current assets**

Our non-current assets decreased by approximately S\$1.8 million from S\$15.5 million as at 31 December 2013 to S\$13.7 million as at 31 December 2014, primarily due to the withdrawal of fixed deposits pledged with a financial institution.

### **Current liabilities**

Our current liabilities decreased by approximately S\$0.2 million from S\$9.0 million as at 31 December 2013 to S\$8.8 million as at 31 December 2014. The decrease in current liabilities was primarily due to the decrease in trust receipt, bank overdrafts and loans of approximately S\$3.1 million and contract work-in-progress of approximately S\$0.3 million which were partially offset by an increase in income tax payable of approximately S\$1.2 million and trade and other payables of approximately S\$2.0 million.

### **Non-current liabilities**

Our non-current liabilities decreased by approximately S\$2.4 million from S\$5.4 million as at 31 December 2013 to S\$3.0 million as at 31 December 2014, primarily due to the repayment of bank loans and finance leases.

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

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

Net cash from operating activities was approximately S\$9.0 million in FY2014, which was a result of operating cash flows before movements in working capital of approximately S\$16.5 million, pared by an increase in working capital of approximately S\$5.8 million and interest payments of approximately S\$0.3 million and income tax payments of approximately S\$1.4 million. The increase in working capital was primarily due to the increase in contract work-in-progress of approximately S\$5.6 million and trade and other receivables of approximately S\$2.9 million and partially offset by a decrease in trade and other payables of approximately S\$2.0 million and inventories of approximately S\$0.7 million.

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

Net cash used in investing activities was approximately S\$5.7 million in FY2014, which was primarily due to the increase in new fixed deposits of S\$7.0 million and purchase of property, plant and equipment of approximately S\$0.8 million and partially offset by the withdrawal of fixed deposits pledged with a financial institution of approximately S\$2.0 million and proceeds from disposal of property, plant and equipment of approximately S\$0.1 million.

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

Net cash from financing activities was approximately S\$8.1 million in FY2014, which was primarily due to net proceeds from issuance of new ordinary shares of approximately S\$14.7 million and partially offset by repayment of bank loans of approximately S\$3.0 million, repayment of trust receipts of approximately S\$1.3 million and payments of dividend of approximately S\$2.3 million.

**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.**

The Group will continue with its efforts to secure new contracts on the back of rising demand for firearm training facilities and tactical training mock-ups in Southeast Asia and the Middle East. To counter the rise of terrorism globally, authorities will have to beef up training using live firearms.

In addition, the Group intends to grow the recurrent portion of its revenue by expanding its portfolio of maintenance services contracts. 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 maintenance services business. Further leveraging on the Group's competencies, the Group is selectively pursuing growth opportunities in areas including specialised architectural steel works as well as security and detention facilities to broaden its revenue base.

A major portion of the Group's business is still primarily 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 and their completion schedules.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Final dividend
Type of Dividend	Cash
Dividend Amount	1.2 cents per ordinary share
Tax Rate	Tax exempt (one-tier)

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

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

None.

### (c) Date payable

The date payable for the proposed final dividend will be announced at a later date.

### (d) Books closure date

The notice on the closure date of the Transfer Books and the Register of Members of the Company for the proposed first and final dividend will be announced at a later date.

## 12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

## 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. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segments**

	Group			
	Revenue		Net profit	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Firearm shooting ranges	30,122	14,639	17,070	9,038
Tactical training mock-ups	6,720	3,460	3,147	1,947
Maintenance services and others	2,514	2,946	1,971	1,648
<b>Total</b>	<b>39,356</b>	<b>21,045</b>	<b>22,188</b>	<b>12,633</b>
Other operating income			576	1,211
Other operating expenses			(6,742)	(3,655)
Profit from operations			16,022	10,189
Finance costs			(260)	(82)
Profit before income tax			15,762	10,107
Income tax expenses			(2,603)	(1,378)
<b>Profit for the year</b>			<b>13,159</b>	<b>8,729</b>

**Geographical segments**

	Group			
	Revenue		Non-current assets	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Southeast Asia	24,069	14,386	13,608	15,495
Middle East	15,287	6,659	75	27
<b>Total</b>	<b>39,356</b>	<b>21,045</b>	<b>13,683</b>	<b>15,522</b>

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 above.

16. **A breakdown of sales as follows:**

	Group		
	2014 S\$'000	2013 S\$'000	% increase / (decrease)
(a) Sales reported for first half year	21,456	5,218	311.2
(b) Operating profit after taxation before deducting non-controlling interests reported for the first half year	9,046	1,433	531.3
(c) Sales reported for second half year	17,900	15,827	13.1
(d) Operating profit after taxation before deducting non-controlling interests reported for the second half year	4,113	7,296	(43.6)

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year as follows:**

	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Final dividend **	3,000	-

\*\* The proposed final dividend to be approved at the Company's forthcoming annual general meeting by the shareholders.

18. **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	-	5,687
IPO expenses	2,013	(2,013)	-
<b>Total</b>	<b>15,500</b>	<b>(2,013)</b>	<b>13,487</b>

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

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

The company confirms that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Edward Lim Chin Wah  
Executive Chairman  
12 February 2015