



STARBURST HOLDINGS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

For the Financial Year Ended 31 December 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange 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. Ong Hwee Li (Telephone: 65-6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

- 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		
	12 months ended		
	31 Dec 2017	31 Dec 2016	Change
	S\$'000	S\$'000	%
Revenue	15,876	18,301	(13.3)
Other operating income	118	440	(73.2)
Project and production costs	(7,731)	(21,225)	(63.6)
Employee benefits expenses	(3,465)	(3,526)	(1.7)
Depreciation expenses	(1,572)	(1,696)	(7.3)
Other operating expenses	(2,728)	(2,680)	1.8
Finance costs	(352)	(328)	7.3
Profit (loss) before income tax	146	(10,714)	n.m.
Income tax expense	(7)	(1,001)	(99.3)
Profit (loss) for the year	139	(11,715)	n.m.
Other comprehensive income (net of tax):			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Loss on revaluation of property	-	(107)	n.m.
Reversal of deferred tax relating to the reclassification of property	-	931	n.m.
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference on translation of foreign operation	(1)	1	n.m.
Total comprehensive income (loss) for the year	138	(10,890)	n.m.
Profit (loss) attributable to owners of the Company	139	(11,715)	n.m.
Total comprehensive income (loss) attributable to owners of the Company	138	(10,890)	n.m.

n.m. denotes not meaningful.

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

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

	Group		
	12 months ended		
	31 Dec 2017	31 Dec 2016	Change
	S\$'000	S\$'000	%
Depreciation expense	1,572	1,696	(7.3)
Amortisation of prepaid insurance	45	45	0.0
Interest expenses	352	328	7.3
Write-off of property, plant and equipment	2	1	100.0
Impairment loss on property, plant and equipment	-	161	n.m.
Amortisation of intangible assets	150	-	n.m.
Allowance for doubtful debts	166	-	n.m.
Provision of foreseeable losses	-	670	n.m.
(Writeback) Allowance for inventories	(507)	1,031	n.m.
Gain on disposal of property, plant and equipment	(7)	(35)	(80.0)
Foreign exchange losses (gains) - net	114	(295)	n.m.
Interest income	(23)	(14)	64.3

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	As at	As at
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash on hand and at bank	8,292	787	191	68
Fixed deposits	3,010	-	-	-
Trade and other receivables	5,221	10,110	4,089	5,854
Contract work-in-progress	1,561	3,761	-	-
Inventories	2,042	2,226	-	-
Property held for sale	-	6,935	-	-
Total current assets	20,126	23,819	4,280	5,922
Non-current assets				
Fixed deposits pledged	2,394	2,077	-	-
Prepayments	977	1,022	-	-
Investment in subsidiaries	-	-	36,438	36,238
Intangible assets	450	-	-	-
Property, plant and equipment	23,564	24,841	-	-
Total non-current assets	27,385	27,940	36,438	36,238
Total assets	47,511	51,759	40,718	42,160
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and loans	563	1,120	-	-
Trade and other payables	1,662	2,960	75	77
Current portion of finance leases	106	86	-	-
Contract work-in-progress	119	201	-	-
Income tax payable	11	5	11	5
Total current liabilities	2,461	4,372	86	82
Non-current liabilities				
Bank loans	12,829	13,378	-	-
Finance leases	83	164	-	-
Total non-current liabilities	12,912	13,542	-	-
Capital and reserves				
Share capital	41,005	40,570	41,005	40,570
Treasury shares	(1,658)	-	(1,658)	-
Warranty reserve	422	422	422	422
Asset revaluation reserve	-	6,042	-	-
Currency translation reserve	1	2	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	17,806	12,247	863	1,086
Total equity	32,138	33,845	40,632	42,078
Total liabilities and equity	47,511	51,759	40,718	42,160

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 2017		31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	669	-	1,206	-
Amount repayable after one year	12,912	-	13,542	-

Details of any collateral:

The facilities of the Group are secured by the following:

- 1) First legal mortgage of the leasehold property at 6 Tuas View Circuit Singapore 637599;
- 2) Fixed deposits of not less than S\$2.1 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\$1.0 million each; and
- 4) A corporate guarantee from the Company.

Finance leases of S\$189,000 (31 Dec 2016: S\$250,000) 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	
	12 months ended	
	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000
Operating activities		
Profit (loss) before income tax	146	(10,714)
Adjustments for:		
- (Writeback) Allowance for inventories	(507)	1,031
- Depreciation expense	1,572	1,696
- Amortisation of intangible assets	150	-
- Allowance for doubtful debts	166	-
- Interest expense	352	328
- Interest income	(23)	(14)
- Write-off of property, plant and equipment	2	1
- Provision of foreseeable losses	-	670
- Impairment loss on leasehold building	-	161
- Amortisation of prepaid insurance	45	45
- Gain on disposal of property, plant and equipment	(7)	(35)
- Impairment loss on property held for sale	-	93
Operating cash flows before movements in working capital	1,896	(6,738)
Trade and other receivables	4,726	(4,115)
Inventories	691	989
Contract work-in-progress	2,118	3,179
Trade and other payables	(1,298)	510
Net cash generated from (used in) operations	8,133	(6,175)
Income tax paid	(1)	(6)
Interest paid	(352)	(328)
Interest received	20	17
Net cash from (used in) operating activities	7,800	(6,492)
Investing activities		
(Increase) decrease in fixed deposits	(3,327)	2,159
Purchase of property, plant and equipment	(257)	(983)
Purchase of intangible asset	(600)	-
Proceeds from disposal of property held for sale	6,935	-
Proceeds from disposal of property, plant and equipment	7	35
Net cash from investing activities	2,758	1,211
Financing activities		
Proceeds from issue of warrants, net of transactions costs	-	422
Proceeds from conversion to shares by warrant holders	435	-
Purchase of treasury shares	(1,658)	-
Repayment of finance lease	(101)	(86)
Repayment of bank loans	(607)	(644)
Dividend paid	(622)	(2,500)
Net cash used in financing activities	(2,553)	(2,808)
Net increase (decrease) in cash and cash equivalents	8,005	(8,089)
Cash and cash equivalents at beginning of financial year	288	8,376
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(1)	1
Cash and cash equivalents at end of financial year (Note A)	8,292	288

- 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

	Group 12 Months Ended	
	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000
Cash on hand and at bank	8,292	787
Fixed deposits	5,404	2,077
Bank overdrafts	-	(499)
	13,696	2,365
Less: fixed deposits pledged	(2,394)	(2,077)
Less: fixed deposits with maturity date that is more than 3 months from the end of the reporting period	(3,010)	-
Cash and cash equivalents	8,292	288

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.

Group	Share capital	Treasury shares	Warrant reserve	Asset revaluation reserve	Currency translation reserve	Merger reserve	Retained earnings	Total equity
	S\$'000	S\$'000	\$'000	S\$'000	\$'000	\$'000	S\$'000	S\$'000
Balance at 1 January 2017	40,570	-	422	6,042	2	(25,438)	12,247	33,845
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	-	(1,658)	-	-	-	-	-	(1,658)
Conversion to shares by warrant holders	435	-	-	-	-	-	-	435
Dividend	-	-	-	-	-	-	(622)	(622)
	41,005	(1,658)	422	6,042	2	(25,438)	11,625	32,000
Total comprehensive income for the year :								
Profit for the year	-	-	-	-	-	-	139	139
Other comprehensive income	-	-	-	-	(1)	-	-	(1)
Transfer on sale of property	-	-	-	(6,042)	-	-	6,042	-
Balance at 31 December 2017	41,005	(1,658)	422	-	1	(25,438)	17,806	32,138
Balance at 1 January 2016	40,570	-	-	5,218	1	(25,438)	26,462	46,813
Transactions with owners, recognised directly in equity								
Issue of warrants net of transaction costs	-	-	422	-	-	-	-	422
Conversion to shares by warrant holders	*	-	-	-	-	-	-	*
Dividend	-	-	-	-	-	-	(2,500)	(2,500)
	40,570	-	422	5,218	1	(25,438)	23,962	44,735
Total comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(11,715)	(11,715)
Other comprehensive income	-	-	-	824	1	-	-	825
Balance at 31 December 2016	40,570	-	422	6,042	2	(25,438)	12,247	33,845

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).

Company	Share capital	Treasury shares	Warrant reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	40,570	-	422	1,086	42,078
Transactions with owners, recognised directly in equity					
Purchase of treasury shares	-	(1,658)	-	-	(1,658)
Issue of new shares upon exercising of warrants	435	-	-	-	435
Dividend	-	-	-	(622)	(622)
	41,005	(1,658)	422	464	40,233
Total comprehensive income for the year	-	-	-	399	399
Balance at 31 December 2017	41,005	(1,658)	422	863	40,632
Balance at 1 January 2016	40,570	-	-	2,863	43,433
Transactions with owners, recognised directly in equity					
Issue of warrants net of transaction costs	-	-	422	-	422
Conversion to shares by warrant holders	*	-	-	-	*
Dividend	-	-	-	(2,500)	(2,500)
	40,570	-	422	363	41,355
Total comprehensive income for the year	-	-	-	723	723
Balance at 31 December 2016	40,570	-	422	1,086	42,078

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

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

On 15 June 2016, the Company issued 62,500,000 warrants at an issue price of S\$0.01 for each warrant. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.25 for each new share. The exercise price and the number of warrants held by each warrant holder may be adjusted under certain terms and conditions being met. The warrants expire on 14 June 2021.

Details of changes in the Company's share capital during the financial period:

	31 Dec 2017	31 Dec 2016
Balance as at 30 September	247,297,650	250,002,000
Issue of new shares upon exercising of warrants	122,250	-
Purchase of treasury shares	(549,800)	-
Balance at end of the financial year (excluding treasury shares)	246,870,100	250,002,000

Treasury shares:

	31 Dec 2017	31 Dec 2016
Total number of treasury shares	4,869,200	-
Total number of ordinary shares	251,739,300	250,002,000
Percentage of treasury shares over the total number of ordinary shares	1.93%	-

As at 31 December 2017, there were 60,760,700 (as at 31 December 2016: 62,498,000) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles held by the Company as at 31 December 2017 and 31 December 2016.

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 issued shares	
	As at 31 Dec 2017	As at 31 Dec 2016
Issued and fully paid ordinary shares		
Balance at beginning of the financial year	250,002,000	250,000,000
Issue of new shares upon exercising of warrants	1,737,300	2,000
Balance at end of the financial year	251,739,300	250,002,000
Treasury Shares		
Balance at beginning of the financial year	-	-
Purchase of treasury shares	(4,869,200)	-
Balance at end of the financial year	(4,869,200)	-
Issued ordinary shares excluding treasury shares	246,870,100	250,002,000

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. There were no sales, transfers, cancellation and/or use of treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company has no subsidiary holdings.

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

Except for the comparative financial statements as at 31 December 2016, 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 2016.

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 2017.

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 2017	31 Dec 2016
Profit (loss) attributable to owners of the Company (S\$'000)	139	(11,715)
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	248,154	250,001
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	264,641	n/a
Basic earnings (loss) per ordinary share (cents)	0.06	(4.69)
Diluted earnings per ordinary share (cents)	0.05	n/a

n/a : warrants do not carry a dilutive effect as the average market price of ordinary shares during the year was below the exercise price of the warrant of S\$0.25 as at 31 December 2016.

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	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset value per ordinary share (cents)	13.02	13.54	16.46	16.83
Number of ordinary shares ('000)	246,870	250,002	246,870	250,002

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 decreased by approximately S\$2.4 million or 13.3%, from S\$18.3 million in the year ended 31 December 2016 ("**FY2016**") to S\$15.9 million in the year ended 31 December 2017 ("**FY2017**"). Our revenue in FY2017 was mainly contributed by additional works undertaken for a firearm shooting range project in the Middle East, two small indoor shooting range projects, a security detention facility project and a supply and installation of entry training equipment project in Southeast Asia. By comparison, our projects in FY2016 comprised primarily of fabrication and installation work phases of Marina One architectural steel project at Marina Way in Singapore ("**Marina One Project**"), and design and fabrication work phases for three firearm shooting range projects in the Middle East.

Project and production costs

Our project and production costs decreased by approximately S\$13.5 million or 63.6%, from S\$21.2 million in FY2016 to S\$7.7 million in FY2017. The decline was in line with the decrease in revenue and lower sub-contractors and overhead costs in FY2017. In comparison, there was also a provision of foreseeable loss of approximately S\$0.7 million for the Marina One Project in FY2016.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased from a loss of S\$2.9 million in FY2016 to a profit of S\$8.1 million in FY2017. Our gross profit margin improved from negative 16.0% in FY2016 to positive 51.3% in FY2017.

Other operating income

Our other operating income decreased by approximately S\$322,000 or 73.2%, from S\$440,000 in FY2016 to S\$118,000 in FY2017. The decrease was primarily due to the decrease in foreign currency exchange gains from firearm shooting range projects in the Middle East.

Employee benefits expenses

Our employee benefits expenses remained stable at approximately S\$3.5 million in FY2016 and FY2017.

Depreciation expenses

Our depreciation expenses decreased by approximately S\$0.1 million or 7.3%, from S\$1.7 million in FY2016 to S\$1.6 million in FY2017, primarily due to the disposal of leasehold property at 6 Tuas West Street in FY2016, which was partially offset by the purchase of new machinery, motor vehicles and equipment in FY2017.

Other operating expenses

Our other operating expenses remained stable at approximately S\$2.7 million in FY2016 and FY2017.

Finance costs

Our finance costs increased by approximately S\$24,000 or 7.3%, from S\$328,000 in FY2016 to S\$352,000 in FY2017, primarily due to the increase of bank loans interest rate.

Income tax expense

Our income tax expense decreased by approximately S\$1.0 million or 99.3%, from S\$1.0 million FY2016 to S\$7,000 in FY2017. This was mainly due to the derecognition of a deferred tax asset in FY2016.

Net profit for the year

As a result of the foregoing, we recorded a net profit of approximately S\$0.1 million in FY2017.

Review of the Group's Financial Position

Current assets

Our current assets decreased by approximately S\$3.7 million from S\$23.8 million as at 31 December 2016 to S\$20.1 million as at 31 December 2017. The decrease in current assets was mainly due to the decrease in (i) trade and other receivables of approximately S\$4.9 million mainly attributed to the collection of payment from customers during the year, (ii) inventories of approximately S\$0.2 million, (iii) property held for sale of approximately S\$6.9 million, and (iv) contract work-in-progress of approximately S\$2.2 million mainly due to the completion of project during the year. This was partially offset by an increase in cash on hand and at bank of S\$7.5 million and fixed deposit of approximately S\$3.0 million, which are mainly contributed by the amount collected from receivables and proceeds from the disposal of 6 Tuas West Street.

Non-current assets

Our non-current assets decreased by approximately S\$0.5 million from S\$27.9 million as at 31 December 2016 to S\$27.4 million as at 31 December 2017, primarily due to the decrease in property, plant and equipment of approximately S\$1.3 million which was partially offset by the increase in fixed deposits pledged with a financial institution of approximately S\$0.3 million and recognition of an intangible assets of approximately of S\$0.5 million.

Current liabilities

Our current liabilities decreased by approximately S\$1.9 million from S\$4.4 million as at 31 December 2016 to S\$2.5 million as at 31 December 2017. The decrease in current liabilities was primarily due to the decrease in (i) bank overdrafts of approximately S\$0.5 million, (ii) trade and other payables of approximately S\$1.3 million mainly due to the less materials purchased for the projects during the year, and (iii) contract work-in-progress of approximately S\$0.1 million.

Non-current liabilities

Our non-current liabilities decreased by approximately S\$0.6 million from S\$13.5 million as at 31 December 2016 to S\$12.9 million as at 31 December 2017, 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\$7.8 million in FY2017, which was a result of operating cash inflows before movements in working capital of approximately S\$1.9 million, a decrease in working capital of approximately S\$6.2 million and payment of interest of approximately S\$0.3 million. The decrease in working capital was primarily due to the decrease in trade and other receivables of approximately S\$4.7 million and contract work-in-progress of approximately S\$2.1 million, a decrease in inventories of approximately S\$0.7 million. This was partially offset by a decrease in trade and other payables of approximately S\$1.3 million.

Net cash from investing activities

Net cash from investing activities was approximately S\$2.8 million in FY2017, which was primarily due to the proceeds from disposal of property at 6 Tuas West Street of approximately S\$6.9 million. This was partially offset by the increase of fixed deposits of approximately S\$3.3 million, purchase of machinery, motor vehicles and equipment of approximately S\$0.2 million; and purchase of an intangible asset of approximately S\$0.6 million.

Net cash used in financing activities

Net cash used in financing activities was approximately S\$2.6 million in FY2017, which was primarily due to dividend payments of approximately S\$0.6 million, repayment of bank loans of approximately S\$0.6 million, purchase of treasury shares of approximately S\$1.7 million and repayment of finance lease of approximately S\$0.1 million. This was partially offset by net proceeds from the conversion of warrants to shares of approximately S\$0.4 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 is actively responding to enquiries for the design and engineering of customised security training solutions, as well as attending to tenders and post tender discussions from law enforcement related customers. Although market conditions remain competitive, the Group remains optimistic of its ongoing discussions and is committed to deliver more projects to its customers in both Southeast Asia and the Middle East. Concurrently, the Group will continue to focus on managing its project and production costs effectively to ensure sustainable operating performance.

The Group is working to strengthen its partnerships with defence contractors, equipment suppliers and consultants to participate with them in joint tenders, or work with some of these parties if they are successful in tenders. In addition, the Group continues to evaluate suitable business opportunities for acquisition so as to offer its customers a wider range of security and defence related services.

Given that, a major portion of the Group's business is project based, the revenue contribution from projects may vary from quarter to quarter. Nonetheless, the Group will continue to focus on ensuring effective cost management of its projects and production to achieve sustainable operating performance.

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	0.25 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?

Yes.

Name of Dividend	Final dividend
Type of Dividend	Cash
Dividend Amount	0.25 cents per ordinary share
Tax Rate	Tax exempt (one-tier)

(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 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/(loss)	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Firearm shooting ranges	4,884	8,730	1,470	3,068
Maintenance services and others	10,992	9,571	6,675	(5,992)
Total	<u>15,876</u>	<u>18,301</u>	8,145	2,924
Other operating income			118	440
Other operating expenses			(7,765)	(7,902)
Profit (loss) from operations			498	(10,386)
Finance costs			(352)	(328)
Profit (loss) before income tax			146	(10,714)
Income tax expense			(7)	(1,001)
Profit (loss) for the year			<u>139</u>	<u>(11,715)</u>

Geographical segments

	Group			
	Revenue		Non-current assets	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Southeast Asia	13,479	9,911	27,369	27,908
Middle East	2,397	8,390	16	32
Total	<u>15,876</u>	<u>18,301</u>	<u>27,385</u>	<u>27,940</u>

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		
	2017 S\$'000	2016 S\$'000	% increase / (decrease)
(a) Sales reported for first half year	10,026	14,771	(32.1)
(b) Operating profit (loss) after taxation before deducting non-controlling interests reported for the first half year	641	(2,111)	n.m.
(c) Sales reported for second half year	5,850	3,530	65.7
(d) Operating loss after taxation before deducting non-controlling interests reported for the second half year	(502)	(9,604)	(94.8)

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

	2017 S\$'000	2016 S\$'000
Final dividend **	617	625

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

18. Use of warrants exercise proceeds

On 15 June 2016, the Company issued 62,500,000 warrants at an exercise price of S\$0.25 for each new share. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company. 1,739,300 warrants have been exercised as at 31 December 2017. The proceeds arising from the exercise of 1,739,300 warrants was approximately S\$435,000. The Company has not utilised the proceeds.

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.

20. 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).

BY ORDER OF THE BOARD

Edward Lim Chin Wah
Executive Chairman

1 March 2018