



## 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 2019

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*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-00 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.

	<b>The Group</b>			
	<b>12 months ended</b>			
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>Variance</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>9,244</b>	7,151	2,093	29.3
Other operating income	<b>78</b>	177	(99)	(55.9)
Project and production costs	<b>(4,942)</b>	(4,313)	629	14.6
Employee benefits expenses	<b>(3,168)</b>	(3,237)	(69)	(2.1)
Depreciation expense	<b>(1,309)</b>	(1,494)	(185)	(12.4)
Other operating expenses	<b>(1,875)</b>	(2,099)	(224)	(10.7)
Finance costs	<b>(390)</b>	(412)	(22)	(5.3)
<b>Loss before income tax</b>	<b>(2,362)</b>	(4,227)	(1,865)	(44.1)
Income tax expense	<b>(22)</b>	(17)	5	29.4
<b>Loss for the year</b>	<b>(2,384)</b>	(4,244)	(1,860)	(43.8)
<b>Other comprehensive loss:</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Exchange differences on translation of foreign operation	<b>1</b>	*	*	n.m.
<b>Total comprehensive loss for the year</b>	<b>(2,383)</b>	(4,244)	(1,861)	(43.9)
<b>Loss attributable to owners of the Company</b>	<b>(2,384)</b>	(4,244)	(1,860)	(43.8)
<b>Total comprehensive loss attributable to owners of the Company</b>	<b>(2,383)</b>	(4,244)	(1,861)	(43.9)
<b>Basic loss per share (cents)</b>	<b>(0.98)</b>	(1.74)	(0.76)	(43.7)
<b>Diluted loss per share (cents)</b>	<b>(0.90)</b>	(1.59)	(0.69)	(43.4)

n.m. denotes not meaningful.

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

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

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

	<b>The Group</b>			
	<b>12 months ended</b>			
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>Variance</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation expenses	<b>1,309</b>	1,494	(185)	(12.4)
Amortisation of prepaid insurance	<b>45</b>	45	0	0.0
Interest expenses	<b>390</b>	412	(22)	(5.3)
Amortisation of intangible assets	<b>150</b>	300	(150)	(50.0)
Gain on disposal of property, plant and equipment	<b>3</b>	-	n.m.	n.m.
Foreign exchange losses (gains) - net	<b>29</b>	(40)	n.m.	n.m.
Interest income	<b>(24)</b>	(33)	(9)	(27.3)

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.

	The Group		The Company	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,987	7,966	67	242
Trade and other receivables	3,080	2,578	2,142	1,472
Contract assets	975	808	-	-
Inventories	1,952	2,110	-	-
<b>Total current assets</b>	<b>10,994</b>	<b>13,462</b>	<b>2,209</b>	<b>1,714</b>
<b>Non-current assets</b>				
Fixed deposits pledged	2,829	2,815	-	-
Prepayments	887	932	-	-
Investment in subsidiaries	-	-	36,438	36,438
Amount due from a subsidiary	-	-	-	643
Property, plant and equipment	23,685	24,983	-	-
Intangible assets	-	150	-	-
<b>Total non-current assets</b>	<b>27,401</b>	<b>28,880</b>	<b>36,438</b>	<b>37,081</b>
<b>Total assets</b>	<b>38,395</b>	<b>42,342</b>	<b>38,647</b>	<b>38,795</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans	655	639	-	-
Trade and other payables	1,192	1,185	75	64
Current portion of lease liabilities	44	126	-	-
Income tax payable	22	19	22	19
<b>Total current liabilities</b>	<b>1,913</b>	<b>1,969</b>	<b>97</b>	<b>83</b>
<b>Non-current liabilities</b>				
Bank loans	11,446	12,099	-	-
Lease liabilities	2,807	2,851	-	-
<b>Total non-current liabilities</b>	<b>14,253</b>	<b>14,950</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	41,055	41,028	41,055	41,028
Treasury shares	(3,745)	(3,513)	(3,745)	(3,513)
Warrant reserve	422	422	422	422
Currency translation reserve	2	1	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	9,933	12,923	818	775
<b>Total equity</b>	<b>22,229</b>	<b>25,423</b>	<b>38,550</b>	<b>38,712</b>
<b>Total liabilities and equity</b>	<b>38,395</b>	<b>42,342</b>	<b>38,647</b>	<b>38,795</b>

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

	The Group			
	31 Dec 2019		31 Dec 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	655	-	722	-
Amount repayable after one year	11,446	-	12,099	-

**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\$Nil (31 December 2018: S\$83,000) were 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.

	The Group 12 months ended	
	31 Dec 2019	31 Dec 2018
	S\$'000	S\$'000
<b>Operating activities</b>		
Loss before income tax	(2,362)	(4,227)
Adjustments for:		
- Depreciation expense	1,309	1,494
- Amortisation of intangible assets	150	300
- Interest expense	390	412
- Interest income	(24)	(33)
- Amortisation of prepaid insurance	45	45
- Gain on disposal of property, plant and equipment	(3)	-
<b>Operating cash flows before movements in working capital</b>	<b>(495)</b>	<b>(2,009)</b>
Trade and other receivables	(492)	1,948
Inventories	158	(68)
Contract assets	(167)	1,454
Trade and other payables	7	(477)
Contract liabilities	-	(119)
<b>Cash (used in) generated from operations</b>	<b>(989)</b>	<b>729</b>
Income tax paid	(19)	(9)
Interest paid	(390)	(412)
Interest received	14	27
<b>Net cash (used in) from operating activities</b>	<b>(1,384)</b>	<b>335</b>
<b>Investing activities</b>		
(Increase) Decrease in fixed deposits	(14)	2,589
Purchase of property, plant and equipment	(11)	(10)
Proceeds from disposal of property, plant and equipment	3	-
<b>Net cash (used in) from investing activities</b>	<b>(22)</b>	<b>2,579</b>
<b>Financing activities</b>		
Repayment of lease liabilities	(126)	(148)
Purchase of treasury shares	(232)	(1,855)
Proceeds from exercise of warrants	27	23
Repayment of bank loans	(637)	(654)
Dividend paid	(606)	(606)
<b>Net cash used in financing activities</b>	<b>(1,574)</b>	<b>(3,240)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,980)</b>	<b>(326)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>7,966</b>	<b>8,292</b>
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1	*
<b>Cash and cash equivalents at end of financial year</b>	<b>4,987</b>	<b>7,966</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.**

<b>The Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Warrant reserve</b>	<b>Currency translation reserve</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	S\$'000	S\$'000	\$'000	\$'000	\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2019</b>							
Transactions with owners, recognised directly in equity	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>1</b>	<b>(25,438)</b>	<b>12,923</b>	<b>25,423</b>
Repurchase of shares	-	(232)	-	-	-	-	(232)
Exercise of warrants	27	-	-	-	-	-	27
Dividends	-	-	-	-	-	(606)	(606)
	<b>41,055</b>	<b>(3,745)</b>	<b>422</b>	<b>1</b>	<b>(25,438)</b>	<b>12,317</b>	<b>24,612</b>
Total comprehensive loss for the year :							
Loss for the year	-	-	-	-	-	(2,384)	(2,384)
Other comprehensive income	-	-	-	1	-	-	1
<b>Balance at 31 December 2019</b>	<b>41,055</b>	<b>(3,745)</b>	<b>422</b>	<b>2</b>	<b>(25,438)</b>	<b>9,933</b>	<b>22,229</b>
<b>Balance at 1 January 2018</b>	41,005	(1,658)	422	1	(25,438)	17,773	32,105
Transactions with owners, recognised directly in equity							
Repurchase of shares	-	(1,855)	-	-	-	-	(1,855)
Exercise of warrants	23	-	-	-	-	-	23
Dividends	-	-	-	-	-	(606)	(606)
	41,028	(3,513)	422	1	(25,438)	17,167	29,667
Total comprehensive loss for the year :							
Loss for the year	-	-	-	-	-	(4,244)	(4,244)
Other comprehensive income	-	-	-	*	-	-	-
<b>Balance at 31 December 2018</b>	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>1</b>	<b>(25,438)</b>	<b>12,923</b>	<b>25,423</b>

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).

<b>The Company</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Warrant reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2019</b>					
Transactions with owners, recognised directly in equity	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>775</b>	<b>38,712</b>
Exercise of warrants	27	-	-	-	27
Repurchase of shares	-	(232)	-	-	(232)
Dividend	-	-	-	(606)	(606)
	<b>41,055</b>	<b>(3,745)</b>	<b>422</b>	<b>169</b>	<b>37,901</b>
Total comprehensive income for the year	-	-	-	649	649
<b>Balance at 31 December 2019</b>	<b>41,055</b>	<b>(3,745)</b>	<b>422</b>	<b>818</b>	<b>38,550</b>
<b>Balance at 1 January 2018</b>	41,005	(1,658)	422	863	40,632
Transactions with owners, recognised directly in equity					
Repurchase of shares	-	(1,855)	-	-	(1,855)
Exercise of warrants	23	-	-	-	23
Dividend	-	-	-	(606)	(606)
	41,028	(3,513)	422	257	38,194
Total comprehensive income for the year	-	-	-	518	518
<b>Balance at 31 December 2018</b>	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>775</b>	<b>38,712</b>

\* 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, as well as the number of shares held as treasury shares, 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:

	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Balance as at 1 October	<b>242,233,525</b>	242,521,225
Issue of new shares upon exercising of warrants	-	-
Purchase of treasury shares	<b>(215,000)</b>	-
Balance at end of the financial year (excluding treasury shares)	<b>242,018,525</b>	242,521,225

Treasury shares:

	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Total number of treasury shares	<b>9,922,400</b>	9,310,500
Total number of ordinary shares	<b>251,940,925</b>	251,831,725
Percentage of treasury shares over the total number of ordinary shares	<b>3.94%</b>	3.70%

As at 31 December 2019, there were 60,559,075 (as at 31 December 2018: 60,668,275) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles and subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

	<b>Number of issued shares</b>	
	<b>As at 31 Dec 2019</b>	<b>As at 31 Dec 2018</b>
<b>Issued and fully paid ordinary shares</b>		
Balance at beginning of the financial year	<b>251,831,725</b>	251,739,300
Issue of new shares upon exercising of warrants	<b>109,200</b>	92,425
Balance at end of the financial year	<b>251,940,925</b>	251,831,725
<b>Treasury shares</b>		
Balance at beginning of the financial year	<b>(9,310,500)</b>	(4,869,200)
Purchase of treasury shares	<b>(611,900)</b>	(4,441,300)
Balance at end of the financial year	<b>(9,922,400)</b>	(9,310,500)
<b>Issued ordinary shares excluding treasury shares</b>	<b>242,018,525</b>	242,521,225

**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 2018, 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.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:- (a) Updates on the efforts taken to resolve each outstanding audit issue. (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable as the Company's latest audited financial statements of FY2018 has an unqualified audit opinion.

**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 2018.

**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 Singapore Financial Standards (International) (“**SFRS(I)**”) issued by the Accounting Standards Council that are relevant to the Group and effective for financial period beginning on 1 January 2019.

The adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s 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>The Group 12 Months Ended</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Loss attributable to owners of the Company (S\$’000)	<b>(2,384)</b>	(4,244)
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS (‘000)	<b>242,295</b>	243,777
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS (‘000)	<b>263,448</b>	267,005
Basic loss per ordinary share (cents)	<b>(0.98)</b>	(1.74)
Diluted loss per ordinary share (cents)	<b>(0.90)</b>	(1.59)

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>The Group</b>		<b>The Company</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Net asset value ('000)	<b>22,229</b>	25,423	<b>38,550</b>	38,712
Number of ordinary shares excluding treasury shares ('000)	<b>242,019</b>	242,521	<b>242,019</b>	242,521
Net asset value per ordinary share (cents)	<b>9.18</b>	10.48	<b>15.93</b>	15.96

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.

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

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

#### **Revenue**

Our revenue increased by approximately S\$2.0 million or 29.3%, from S\$7.2 million in the year ended 31 December 2018 ("**FY2018**") to S\$9.2 million in the year ended 31 December 2019 ("**FY2019**"). The increase in revenue was mainly contributed by the design, supply and installation of an underwater training facility and ad hoc works from our existing maintenance customers in Southeast Asia.

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

Our project and production costs increased by approximately S\$0.6 million or 14.6%, from S\$4.3 million in FY2018 to S\$4.9 million in FY2019. The increase in project and production costs was in line with the increase in revenue.

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

As a result of the foregoing, our gross profit increased by approximately S\$1.4 million or 48.3%, from S\$2.9 million in FY2018 to S\$4.3 million in FY2019. Our gross profit margin increased from 39.7% in FY2018 to 46.5% in FY2019.

### **Other operating income**

Our other operating income decreased by approximately S\$99,000 or 55.9%, from S\$177,000 in FY2018 to S\$78,000 in FY2019. The decrease in other operating income was mainly due to the decrease in foreign exchange gain and grants received from various government agencies.

### **Employee benefits expenses**

Our employee benefits expenses remained stable at approximately S\$3.2 million in FY2018 and FY2019.

### **Depreciation expenses**

Our depreciation expenses decreased by approximately S\$0.2 million or 12.4%, from S\$1.5 million in FY2018 to S\$1.3 million in FY2019. The decrease in depreciation expenses was mainly due to the increase of fully depreciated assets.

### **Other operating expenses**

Our other operating expenses decreased by approximately S\$0.2 million or 10.7%, from S\$2.1 million in FY2018 to S\$1.9 million in FY2019, primarily due to the decrease in amortisation of intangible assets.

### **Finance costs**

Our finance costs remained stable at approximately S\$0.4 million in FY2018 and FY2019.

### **Loss for the year**

As a result of the foregoing, our net loss narrowed by approximately S\$1.9 million or 43.8%, from S\$4.2 million in FY2018 to S\$2.4 million in FY2019.

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

### **Current assets**

Our current assets decreased by approximately S\$2.5 million from S\$13.5 million as at 31 December 2018 to S\$11.0 million as at 31 December 2019. The decrease in current assets was mainly due to the decrease in cash on hand and at bank of approximately S\$3.0 million, primarily due to the payment of dividend, repayment of bank loans, purchase of treasury share and advance payment made to supplier for the purchase of material, and decrease in inventory of approximately S\$0.1 million, which partially offset by an increase in trade and other receivables of approximately S\$0.5 million and contract assets of approximately S\$0.1 million.

## **Non-current assets**

Our non-current assets decreased by approximately S\$1.5 million from S\$28.9 million as at 31 December 2018 to S\$27.4 million as at 31 December 2019. The decrease in non-current assets was primarily due to the depreciation of property, plant and equipment of approximately S\$1.3 million, and a decrease in intangible assets of approximately S\$0.2 million.

## **Current liabilities**

Our current liabilities decreased by approximately S\$0.1 million from S\$2.0 million as at 31 December 2018 to S\$1.9 million as at 31 December 2019. The decrease in current liabilities was mainly attributable to the settlement of finance lease of approximately S\$0.1 million.

## **Non-current liabilities**

Our non-current liabilities decreased by approximately S\$0.7 million from S\$15.0 million as at 31 December 2018 to S\$14.3 million as at 31 December 2019. The decrease in non-current liabilities was primarily due to the repayment of bank loans and finance leases of approximately S\$0.7 million.

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

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

Net cash used in operating activities was approximately S\$1.4 million in FY2019, which was a result of operating cash outflows before movements in working capital of approximately S\$0.5 million, an increase in working capital of approximately S\$0.5 million and payment of interest of approximately S\$0.4 million. The increase in working capital was primarily due to the increase in trade and other receivables of approximately S\$0.5 million and contract assets of approximately S\$0.2 million. This was partially offset by a decrease in inventory of approximately S\$0.2 million.

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

Net cash used in investing activities was approximately S\$22,000 in FY2019, which was primarily due to an increase in fixed deposits and purchase of machinery, computer and equipment.

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

Net cash used in financing activities was approximately S\$1.5 million in FY2019, which was primarily due to purchase of treasury shares of approximately S\$0.2 million, payment of dividend of S\$0.6 million, and repayment of bank loans and finance lease of approximately S\$0.7 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 continues to pursue opportunities to design and engineer customised training solutions for existing and potential customers as law enforcement related customers respond to the threat of terrorism and extremism. The Group is also actively responding to enquiries and requests for tenders from authorities in Southeast Asia and the Middle East. Notwithstanding the competitive market conditions, the Group remains optimistic of its ongoing discussions and is committed to secure more contracts in both Southeast Asia and the Middle East.

The Group is working to strengthen its partnerships with defence contractors, equipment suppliers and consultants to participate with them either in joint tenders, or collaboration for successful tenders. In addition, the Group is also working with the relevant authorities to expand its portfolio of maintenance service contracts and grow its recurrent revenue base.

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

In terms of the recent COVID-19 situation that is still evolving, there is a degree of uncertainty over the length and severity of this epidemic. However, the Group does not expect the COVID-19 epidemic to have a material impact on the Group's operations and performance at the current situation.

**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**

Subject to shareholders' approval of the proposed final dividend at the forthcoming annual general meeting, the payment date for the 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 and the reason(s) for the decision.**

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

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

**15. 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**

	The Group			
	Revenue		Net loss	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Firearm shooting ranges	-	270	-	132
Tactical training mock-ups	1,012	-	222	-
Maintenance services and others	8,232	6,881	4,080	2,706
Total	9,244	7,151	4,302	2,838
Other operating income			78	177
Other operating expenses			(6,352)	(6,830)
Loss from operations			(1,972)	(3,815)
Finance costs			(390)	(412)
Loss before income tax			(2,362)	(4,227)
Income tax expense			(22)	(17)
Loss for the year			(2,384)	(4,244)



### Geographical segments

	The Group			
	Revenue		Non-current assets	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Southeast Asia	8,630	7,008	27,400	28,878
Middle East	614	143	1	2
Total	<b>9,244</b>	<b>7,151</b>	<b>27,401</b>	<b>28,880</b>

16. 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.

17. A breakdown of sales as follows:

	The Group		
	2019 S\$'000	2018 S\$'000	% increase / (decrease)
(a) Sales reported for first half year	3,517	3,063	14.8
(b) Operating loss after taxation before deducting non-controlling interests reported for the first half year	(2,079)	(2,612)	(20.4)
(c) Sales reported for second half year	5,727	4,088	40.1
(d) Operating loss after taxation before deducting non-controlling interests reported for the second half year	(305)	(1,632)	(81.3)

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

	2019 S\$'000	2018 S\$'000
Final dividend **	606	606

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

**19. 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. These warrants expires on 14 June 2021.

As at 31 December 2019, 1,940,925 warrants have been exercised. The proceeds arising from the exercise of 1,940,925 warrants is approximately S\$485,000. 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.

**20. 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

26 February 2020