



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 First Quarter and Three Months Ended 31 March 2015

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, Marina Bay Financial Centre Tower 3, Singapore 018982, telephone +65 6878 8888.

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

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

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

	Group		
	Three months ended		
	31 Mar 2015	31 Mar 2014	Change
	S\$'000	S\$'000	%
Revenue	2,875	13,532	(78.8)
Other operating income	347	23	1,408.7
Project and production costs	(2,403)	(4,896)	(50.9)
Employee benefit expenses	(647)	(613)	5.5
Depreciation expense	(173)	(136)	27.2
Other operating expenses	(439)	(508)	(13.6)
Finance costs	(19)	(97)	(80.4)
(Loss)/Profit before income tax	(459)	7,305	(106.3)
Income tax expense	(55)	(1,231)	(95.5)
(Loss)/Profit for the period	(514)	6,074	(108.5)
Other comprehensive income :			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference on translation of foreign operation	*	*	n.m.
Total comprehensive (loss)/income for the period	(514)	6,074	(108.5)
(Loss)/Profit attributable to owners of the Company	(514)	6,074	(108.5)
Total comprehensive (loss)/income attributable to owners of the Company	(514)	6,074	(108.5)

n.m. denotes not meaningful.

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

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

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

	Group		
	Three months ended		
	31 Mar 2015	31 Mar 2014	Change
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	173	136	27.2
Amortisation of prepaid insurance	11	10	10.0
Interest expense	19	97	(80.4)
Writeback of allowance for doubtful receivables	-	(10)	n.m.
Foreign exchange (gains) losses - net	(293)	133	320.3
Interest income	(19)	(4)	375.0

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 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash on hand and at bank	12,798	5,688	4,136	2,280
Fixed deposits	7,000	12,008	7,000	12,008
Trade and other receivables	12,860	13,398	6,976	3,773
Contract work-in-progress	10,174	15,982	-	-
Inventories	2,196	2,445	-	-
Total current assets	45,028	49,521	18,112	18,061
Non-current assets				
Fixed deposits pledged	3,519	3,517	-	-
Prepayment	1,100	1,111	-	-
Property, plant and equipment	8,919	9,055	-	-
Investment in subsidiaries	-	-	25,888	25,888
Total non-current assets	13,538	13,683	25,888	25,888
Total assets	58,566	63,204	44,000	43,949
LIABILITIES AND EQUITY				
Current liabilities				
Trust receipts, bank overdrafts and loans	105	107	-	-
Trade and other payables	2,476	5,886	132	125
Current portion of finance leases	86	86	-	-
Income tax payable	1,972	2,693	-	-
Total current liabilities	4,639	8,772	132	125
Non-current liabilities				
Bank loans	1,424	1,449	-	-
Finance leases	314	335	-	-
Deferred tax liabilities	1,231	1,176	-	-
Total non-current liabilities	2,969	2,960	-	-
Capital and reserves				
Share capital	40,570	40,570	40,570	40,570
Merger reserve	(25,438)	(25,438)	-	-
Asset revaluation reserve	5,218	5,218	-	-
Currency translation reserve	*	*	-	-
Retained earnings	30,608	31,122	3,298	3,254
Total equity	50,958	51,472	43,868	43,824
Total liabilities and equity	58,566	63,204	44,000	43,949

* 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 Mar 2015		31 Dec 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	191	-	193	-
Amount repayable after one year	1,738	-	1,784	-

Details of any collateral:

The facilities of the Group are secured by the following:

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

Finance leases of S\$400,000 (31 Dec 2014: S\$421,000) are secured by the lessor's title on the leased assets.

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

	Group	
	Three months ended	
	31 Mar 2015	31 Mar 2014
	S\$'000	S\$'000
Operating activities		
(Loss)/Profit before income tax	(459)	7,305
Adjustments for:		
- Writeback of allowance for doubtful receivables	-	(10)
- Depreciation expense	173	136
- Interest expense	19	97
- Interest income	(19)	(4)
- Amortisation of prepaid insurance	11	10
Operating cash flows before movements in working capital	(275)	7,534
Trade and other receivables	555	(4,899)
Contract work-in-progress	5,808	(5,730)
Inventories	249	458
Trade and other payables	(3,410)	(303)
Net cash generated from / (used in) operations	2,927	(2,940)
Income tax paid	(721)	-
Interest paid	(19)	(97)
Interest received	2	4
Net cash from / (used in) operating activities	2,189	(3,033)
Investing activities		
Decrease in fixed deposits	6,998	2,005
Purchase of property, plant and equipment	(37)	(90)
Net cash from investing activities	6,961	1,915
Financing activities		
Repayment of finance lease	(21)	(22)
Trust receipts	-	417
Repayment of bank loans	(27)	(171)
Net cash (used in) / from financing activities	(48)	224
Net increase (decrease) in cash and cash equivalents	9,102	(894)
Cash and cash equivalents at beginning of financial period	10,696	(756)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	*	*
Cash and cash equivalents at end of financial period (Note A)	19,798	(1,650)

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

	31 Mar 2015 S\$'000	31 Mar 2014 S\$'000
Cash on hand and at bank	12,798	678
Fixed deposits	10,519	3,509
Bank overdraft	-	(2,328)
	<hr/>	<hr/>
	23,317	1,859
Less : fixed deposits pledged	(3,519)	(3,509)
	<hr/>	<hr/>
Cash and cash equivalents	<u>19,798</u>	<u>(1,650)</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>	Share capital	Asset revaluation reserve	Currency translation reserve	Merger reserve	Retained earnings	Total equity
	S\$'000	S\$'000	\$'000	\$'000	S\$'000	S\$'000
Balance at 1 January 2015	40,570	5,218	*	(25,438)	31,122	51,472
Total comprehensive loss for the period :						
Loss for the period	-	-	-	-	(514)	(514)
Other comprehensive income	-	-	*	-	-	-
Balance at 31 March 2015	<u>40,570</u>	<u>5,218</u>	<u>*</u>	<u>(25,438)</u>	<u>30,608</u>	<u>50,958</u>
Balance at 1 January 2014	450	5,218	*	-	20,213	25,881
Total comprehensive income for the period :						
Profit for the period	-	-	-	-	6,074	6,074
Other comprehensive income	-	-	*	-	-	-
Balance at 31 March 2014	<u>450</u>	<u>5,218</u>	<u>*</u>	<u>-</u>	<u>26,287</u>	<u>31,955</u>

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

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

<u>Company</u>	Share capital	Retained earnings	Total equity
	S\$	S\$	S\$
Balance at 1 January 2015	40,569,797	3,253,938	43,823,735
Total comprehensive income for the period	-	44,368	44,368
Balance at 31 March 2015	<u>40,569,797</u>	<u>3,298,306</u>	<u>43,868,103</u>
Balance at 1 January 2014	2	(389)	(387)
Total comprehensive loss for the period	-	(1,872)	(1,872)
Balance at 31 March 2014	<u>2</u>	<u>(2,261)</u>	<u>(2,259)</u>

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

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles or treasury shares held by the Company as at 31 March 2015 and 31 March 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 Mar 2015	31 Dec 2014
Total number of issued shares excluding treasury shares	<u>250,000,000</u>	<u>250,000,000</u>

There were no treasury shares held by the Company as at 31 March 2015 and 31 December 2014.

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

Not applicable.

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

Except for the comparative statements of financial position of the Company and Group as at 31 December 2014, the financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The financial information for the current financial period reported on have been prepared using the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2014.

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

The Group has adopted all new and revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to the Group and effective for financial period beginning on 1 January 2015.

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

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

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

	Group	
	Three months ended	
	31 Mar 2015	31 Mar 2014
(Loss)/Profit attributable to owners of the Company (S\$'000)	(514)	6,074
Number of ordinary shares ('000) ⁽¹⁾	250,000	250,000
Basic and diluted earnings per ordinary share (cents)	(0.21)	2.43

Earnings per ordinary share is calculated based on (loss)/profit attributable to owners of the Company and issued ordinary shares of 250,000,000 as at 31 March 2015.

Note :

- (1) For illustrative purpose, the issued and paid up share capital of the Company of 250,000,000 ordinary shares is assumed to have been in issue throughout the entire three months ended 31 March 2015 and 31 March 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	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Net asset value per ordinary share (cents)	20.38	20.59	17.55	17.53
Number of ordinary shares ('000)	250,000	250,000	250,000	250,000

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

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

Review of the Group's Performance

Revenue

Our revenue decreased by approximately S\$10.657 million or 78.8%, from S\$13.532 million in the three months ended 31 March 2014 ("1Q2014") to S\$2.875 million in the three months ended 31 March 2015 ("1Q2015"). This can be attributed to the different work phases that our projects are in, as revenue is recognised based on the percentage-of-completion method. In 1Q2015, we were involved primarily in the final phase, the installation work phase, of a firearm shooting range project Southeast Asia, a tactical training mock-up project in Southeast Asia, and a firearm shooting range project in the Middle East. In comparison, our projects in 1Q2014 were mostly in the fabrication and installation work phases then. Our newly secured projects are still in the design stages in 1Q2015, with fabrication works expected to commence around June 2015.

Project and production costs

Our project and production costs decreased by approximately S\$2.493 million or 50.9%, from S\$4.896 million in 1Q2014 to S\$2.403 million in 1Q2015. The decrease was primarily due to the decrease in material and fabrication costs in 1Q2015, when existing projects were mostly close to completion and there were relatively less fabrication and installation works as compared to 1Q2014.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by approximately S\$8.164 million or 94.5%, from S\$8.636 million in 1Q2014 to S\$0.472 million in 1Q2015. Our gross profit margin decreased from 63.8% in 1Q2014 to 16.4% in 1Q2015, primarily due to higher than expected costs incurred for installation works for a firearm shooting range project and a tactical training mock-up project both in Southeast Asia.

Other operating income

Our other operating income increased by approximately S\$324,000 or 1,408.7%, from S\$23,000 in 1Q2014 to S\$347,000 in 1Q2015. The increase was primarily due to foreign currency exchange gain for an amount of S\$293,000 from a firearm shooting range project in the Middle East in 1Q2015.

Employee benefit expenses

Our employee benefits expenses increased by approximately S\$34,000 or 5.5%, from S\$613,000 in 1Q2014 to S\$647,000 in 1Q2015. The increase in employee benefits expenses was primarily due to the recruitment of additional staff in 1Q2015.

Depreciation expenses

Our depreciation expenses increased by approximately S\$37,000 or 27.2%, from S\$136,000 in 1Q2014 to S\$173,000 in 1Q2015, primarily due to the purchase of new machines, motor vehicles and equipments in the three months ended 31 December 2014.

Other operating expenses

Our other operating expenses decreased by approximately S\$69,000 or 13.6%, from S\$508,000 in 1Q2014 to S\$439,000 in 1Q2015, primarily due to less travelling and accommodation charges incurred in 1Q2015 as compared to 1Q2014.

Finance costs

Our finance costs decreased by approximately S\$78,000 or 80.4%, from S\$97,000 in 1Q2014 to S\$19,000 in 1Q2015, primarily due to a decrease in the utilisation of term loan, bank overdrafts, letters of credit and trust receipts in 1Q2015 as compared to 1Q2014.

Income tax expense

Our income tax expense decreased by approximately S\$1.176 million or 95.5%, from S\$1.231 million in 1Q2014 to S\$55,000 in 1Q2015. The decrease in income tax expense was in line with the decrease in loss before income tax.

Net loss for the period

As a result of the foregoing, we recorded a net loss of S\$0.514 million in 1Q2015.

Review of the Group's Financial Position

Current assets

Our current assets decreased by approximately S\$4.493 million from S\$49.521 million as at 31 December 2014 to S\$45.028 million as at 31 March 2015. The decrease in current assets was mainly due to the decrease in trade and other receivables of approximately S\$0.538 million, contract work-in-progress of approximately S\$5.808 million, inventories of approximately S\$0.249 million and fixed deposits of approximately S\$5.008 million which was partially offset by an increase in cash and bank balances of approximately S\$7.110 million.

Non-current assets

Our non-current assets decreased by approximately S\$0.145 million from S\$13.683 million as at 31 December 2014 to S\$13.538 million as at 31 March 2015, primarily due to the additional depreciation of property, plant and equipment of approximately S\$0.173 million.

Current liabilities

Our current liabilities decreased by approximately S\$4.133 million from S\$8.772 million as at 31 December 2014 to S\$4.639 million as at 31 March 2015. The decrease in current liabilities was primarily due to the decrease in income tax payable of approximately S\$0.721 million and trade and other payables of approximately S\$3.410 million.

Non-current liabilities

Our non-current liabilities was in line with the comparative statement at approximately S\$2.960 million and S\$2.969 million as at 31 December 2014 and 31 March 2015 respectively.

Review of the Group's Statement of Cash Flows

Net cash from operating activities

Net cash from operating activities was approximately S\$2.189 million in 1Q2015, which was a result of operating cash outflows before movements in working capital of approximately S\$0.275 million, mainly pared by a decrease in working capital of approximately S\$3.202 million and income tax payments of approximately S\$0.721 million. The decrease in working capital was primarily due to the decrease in contract work-in-progress of approximately S\$5.808 million, inventories of approximately S\$0.249 million and trade and other receivables of approximately S\$0.555 million and partially offset by a decrease in trade and other payables of approximately S\$3.410 million.

Net cash from investing activities

Net cash from investing activities was approximately S\$6.961 million in 1Q2015, which was primarily due to the decrease in fixed deposits of S\$6.998 million.

Net cash used in financing activities

Net cash used in financing activities was approximately S\$48,000 in 1Q2015, which was primarily due to repayment of bank loans of approximately S\$27,000 and repayment of finance lease of approximately S\$21,000.

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

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

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

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

The Group has received a healthy level of enquiries for firearm shooting ranges and tactical training mock-ups from authorities in Southeast Asia and the Middle East. The Group will continue to respond to these enquiries and requests for tenders, and expects to secure more new contracts in this and the next few quarters.

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

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the first quarter and three months ended 31 March 2015.

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

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

14. Use of IPO proceeds

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

Use of the gross proceeds

	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Acquisition of leasehold land and buildings	7,000	(1,000)	6,000
Acquisition of plant and machinery	800	-	800
General working capital purposes	5,687	-	5,687
IPO expenses	2,013	(2,013)	-
Total	15,500	(3,013)	12,487

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

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

On behalf of the Board of Directors of the Company, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter and three months ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board

Edward Lim Chin Wah
Executive Chairman

Yap Tin Foo
Managing Director

BY ORDER OF THE BOARD

Edward Lim Chin Wah
Executive Chairman
12 May 2015