



## 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 First Quarter and Three Months Ended 31 March 2019

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*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 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.*

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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>Three months ended</b> |                        |               |
|  | <b>31 Mar<br/>2019</b>    | <b>31 Mar<br/>2018</b> | <b>Change</b> |
|  | <b>S\$'000</b>            | <b>S\$'000</b>         | <b>%</b>      |
| <b>Revenue</b>   | 1,615                     | 1,579                  | 2.3           |
| Other operating income   | 22                        | 77                     | (71.4)        |
| Project and production costs   | (1,042)                   | (988)                  | 5.5           |
| Employee benefits expenses   | (814)                     | (832)                  | (2.2)         |
| Depreciation expense   | (361)                     | (382)                  | (5.5)         |
| Other operating expenses   | (502)                     | (619)                  | (18.9)        |
| Finance costs  | (98)                      | (128)                  | (23.4)        |
| <b>Loss before income tax</b>  | (1,180)                   | (1,293)                | (8.7)         |
| Income tax expense   | (6)                       | -                      | n.m.          |
| <b>Loss for the period</b>   | (1,186)                   | (1,293)                | (8.3)         |
| <b>Other comprehensive income:</b>   |                           |                        |               |
| <b><u>Items that may be reclassified<br/>subsequently to profit or loss:</u></b> |                           |                        |               |
| Exchange difference on translation of foreign operation                          | *                         | *                      | n.m.          |
| <b>Total comprehensive loss for the period</b>                                   | (1,186)                   | (1,293)                | (8.3)         |
| <b>Loss attributable to owners of the Company</b>                                | (1,186)                   | (1,293)                | (8.3)         |
| <b>Total comprehensive loss attributable to owners of the Company</b>            | (1,186)                   | (1,293)                | (8.3)         |

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

n.m. denotes not meaningful.

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

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

|                                   | <b>Group</b>              |                        |               |
|-----------------------------------|---------------------------|------------------------|---------------|
|                                   | <b>Three months ended</b> |                        |               |
|                                   | <b>31 Mar<br/>2019</b>    | <b>31 Mar<br/>2018</b> | <b>Change</b> |
|                                   | <b>S\$'000</b>            | <b>S\$'000</b>         | <b>%</b>      |
| Depreciation expense              | 361                       | 382                    | (5.5)         |
| Amortisation of prepaid insurance | 12                        | 12                     | n.m           |
| Interest expense                  | 98                        | 128                    | (23.4)        |
| Amortisation of intangible assets | 75                        | 75                     | n.m           |
| Foreign exchange losses - net     | 7                         | 91                     | (92.3)        |
| Interest income                   | (4)                       | (7)                    | (42.9)        |

n.m. denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

|                                      | Group                |                      | Company              |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | As at<br>31 Mar 2019 | As at<br>31 Dec 2018 | As at<br>31 Mar 2019 | As at<br>31 Dec 2018 |
|                                      | S\$'000              | S\$'000              | S\$'000              | S\$'000              |
| <b>ASSETS</b>                        |                      |                      |                      |                      |
| <b>Current assets</b>                |                      |                      |                      |                      |
| Cash and cash equivalents            | 7,343                | 7,966                | 237                  | 242                  |
| Trade and other receivables          | 1,777                | 2,578                | 1,482                | 1,472                |
| Contract assets                      | 674                  | 808                  | -                    | -                    |
| Inventories                          | 2,094                | 2,110                | -                    | -                    |
| <b>Total current assets</b>          | <b>11,888</b>        | <b>13,462</b>        | <b>1,719</b>         | <b>1,714</b>         |
| <b>Non-current assets</b>            |                      |                      |                      |                      |
| Fixed deposits pledged               | 2,817                | 2,815                | -                    | -                    |
| Prepayments                          | 920                  | 932                  | -                    | -                    |
| Investment in subsidiaries           | -                    | -                    | 36,438               | 36,438               |
| Amount due from a subsidiary         | -                    | -                    | 643                  | 643                  |
| Property, plant and equipment        | 24,622               | 24,983               | -                    | -                    |
| Intangible assets                    | 75                   | 150                  | -                    | -                    |
| <b>Total non-current assets</b>      | <b>28,434</b>        | <b>28,880</b>        | <b>37,081</b>        | <b>37,081</b>        |
| <b>Total assets</b>                  | <b>40,322</b>        | <b>42,342</b>        | <b>38,800</b>        | <b>38,795</b>        |
| <b>LIABILITIES AND EQUITY</b>        |                      |                      |                      |                      |
| <b>Current liabilities</b>           |                      |                      |                      |                      |
| Bank loans                           | 643                  | 639                  | -                    | -                    |
| Trade and other payables             | 587                  | 1,185                | 72                   | 64                   |
| Current portion of lease liabilities | 100                  | 126                  | -                    | -                    |
| Contract liabilities                 | 43                   | -                    | -                    | -                    |
| Income tax payable                   | 25                   | 19                   | 25                   | 19                   |
| <b>Total current liabilities</b>     | <b>1,398</b>         | <b>1,969</b>         | <b>97</b>            | <b>83</b>            |
| <b>Non-current liabilities</b>       |                      |                      |                      |                      |
| Bank loans                           | 11,936               | 12,099               | -                    | -                    |
| Lease liabilities                    | 2,840                | 2,851                | -                    | -                    |
| <b>Total non-current liabilities</b> | <b>14,776</b>        | <b>14,950</b>        | <b>-</b>             | <b>-</b>             |
| <b>Capital and reserves</b>          |                      |                      |                      |                      |
| Share capital                        | 41,028               | 41,028               | 41,028               | 41,028               |
| Treasury shares                      | (3,602)              | (3,513)              | (3,602)              | (3,513)              |
| Warrant reserve                      | 422                  | 422                  | 422                  | 422                  |
| Currency translation reserve         | 1                    | 1                    | -                    | -                    |
| Merger reserve                       | (25,438)             | (25,438)             | -                    | -                    |
| Retained earnings                    | 11,737               | 12,923               | 855                  | 775                  |
| <b>Total equity</b>                  | <b>24,148</b>        | <b>25,423</b>        | <b>38,703</b>        | <b>38,712</b>        |
| <b>Total liabilities and equity</b>  | <b>40,322</b>        | <b>42,342</b>        | <b>38,800</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.

|  | Group              |                      |                    |                      |
|--|--------------------|----------------------|--------------------|----------------------|
|  | 31 Mar 2019        |                      | 31 Dec 2018        |                      |
|  | Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| Amount repayable in one year or less, or on demand | 700                | -                    | 722                | -                    |
| Amount repayable after one year                    | 11,936             | -                    | 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\$57,000 (31 Dec 2018: S\$83,000) 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>Three months ended</b> |                    |
|   | <b>31 Mar 2019</b>        | <b>31 Mar 2018</b> |
|   | <b>S\$'000</b>            | <b>S\$'000</b>     |
| <b>Operating activities</b>   |                           |                    |
| Loss before income tax  | (1,180)                   | (1,293)            |
| Adjustments for:  |                           |                    |
| - Depreciation expense  | 361                       | 382                |
| - Interest expense  | 98                        | 128                |
| - Interest income   | (4)                       | (7)                |
| - Amortisation of intangible assets   | 75                        | 75                 |
| - Amortisation of prepaid insurance   | 12                        | 12                 |
| <b>Operating cash flows before movements in working capital</b>                           | <b>(638)</b>              | <b>(703)</b>       |
| Trade and other receivables   | 803                       | 2,615              |
| Contract assets   | 177                       | 53                 |
| Inventories   | 16                        | 41                 |
| Trade and other payables  | (598)                     | (884)              |
| <b>Net cash (used in) generated from operations</b>                                       | <b>(240)</b>              | <b>1,122</b>       |
| Interest paid   | (98)                      | (128)              |
| Interest received   | 2                         | 4                  |
| <b>Net cash (used in) from operating activities</b>                                       | <b>(336)</b>              | <b>998</b>         |
| <b>Investing activities</b>   |                           |                    |
| (Increase) Decrease in fixed deposits   | (2)                       | 2,718              |
| Purchase of property, plant and equipment   | -                         | (2)                |
| <b>Net cash (used in) from investing activities</b>                                       | <b>(2)</b>                | <b>2,716</b>       |
| <b>Financing activities</b>   |                           |                    |
| Purchase of treasury shares   | (89)                      | -                  |
| Proceeds from exercise of warrants  | -                         | 5                  |
| Repayment of bank loans   | (159)                     | (147)              |
| Repayment of lease liabilities  | (37)                      | (34)               |
| <b>Net cash used in financing activities</b>  | <b>(285)</b>              | <b>(176)</b>       |
| <b>Net (decrease) increase in cash and cash equivalents</b>                               | <b>(623)</b>              | <b>3,538</b>       |
| <b>Cash and cash equivalents at beginning of financial period</b>                         | <b>7,966</b>              | <b>8,292</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 period (Note A)</b>                      | <b>7,343</b>              | <b>11,830</b>      |

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

- 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 (cont'd).

**Note A : Cash and cash equivalents**

|                              | <b>Group</b>              |                    |
|------------------------------|---------------------------|--------------------|
|                              | <b>Three months ended</b> |                    |
|                              | <b>31 Mar 2019</b>        | <b>31 Mar 2018</b> |
|                              | <b>S\$'000</b>            | <b>S\$'000</b>     |
| Cash on hand and at bank     | 7,343                     | 8,820              |
| Fixed deposits               | 2,817                     | 5,696              |
|                              | 10,160                    | 14,516             |
| Less: fixed deposits pledged | (2,817)                   | (2,686)            |
| Cash and cash equivalents    | 7,343                     | 11,830             |

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>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 equity</b> |
|--|----------------------|------------------------|------------------------|-------------------------------------|-----------------------|--------------------------|---------------------|
|  | S\$'000              | S\$'000                | S\$'000                | \$'000                              | \$'000                | S\$'000                  | S\$'000             |
| <b>Balance at 1 January 2019</b>                       | 41,028               | (3,513)                | 422                    | 1                                   | (25,438)              | 12,923                   | 25,423              |
| Transaction with owners, recognised directly in equity |                      |                        |                        |                                     |                       |                          |                     |
| Repurchase of shares                                   | -                    | (89)                   | -                      | -                                   | -                     | -                        | (89)                |
| Total comprehensive loss for the period:               |                      |                        |                        |                                     |                       |                          |                     |
| Loss for the period                                    | -                    | -                      | -                      | -                                   | -                     | (1,186)                  | (1,186)             |
| Other comprehensive income                             | -                    | -                      | -                      | *                                   | -                     | -                        | *                   |
| <b>Balance at 31 March 2019</b>                        | <b>41,028</b>        | <b>(3,602)</b>         | <b>422</b>             | <b>1</b>                            | <b>(25,438)</b>       | <b>11,737</b>            | <b>24,148</b>       |
| <b>Balance at 1 January 2018 (re-stated)</b>           | 41,005               | (1,658)                | 422                    | 1                                   | (25,438)              | 17,773                   | 32,105              |
| Transaction with owners, recognised directly in equity |                      |                        |                        |                                     |                       |                          |                     |
| Exercise of warrants                                   | 5                    | -                      | -                      | -                                   | -                     | -                        | 5                   |
| Total comprehensive loss for the period:               |                      |                        |                        |                                     |                       |                          |                     |
| Loss for the period                                    | -                    | -                      | -                      | -                                   | -                     | (1,293)                  | (1,293)             |
| Other comprehensive income                             | -                    | -                      | -                      | *                                   | -                     | -                        | *                   |
| <b>Balance at 31 March 2018</b>                        | <b>41,010</b>        | <b>(1,658)</b>         | <b>422</b>             | <b>1</b>                            | <b>(25,438)</b>       | <b>16,480</b>            | <b>30,817</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 (cont'd).

| <u>Company</u>   | <u>Share capital</u> | <u>Treasury share</u> | <u>Warrant reserve</u> | <u>Retained earnings</u> | <u>Total equity</u> |
|--|----------------------|-----------------------|------------------------|--------------------------|---------------------|
|  | S\$'000              | S\$'000               | S\$'000                | S\$'000                  | S\$'000             |
| <b>Balance at 1 January 2019</b>                       | 41,028               | (3,513)               | 422                    | 775                      | 38,712              |
| Transaction with owners, recognised directly in equity |                      |                       |                        |                          |                     |
| Repurchase of shares                                   | -                    | (89)                  | -                      | -                        | (89)                |
| Total comprehensive income for the period              | -                    | -                     | -                      | 80                       | 80                  |
| <b>Balance at 31 March 2019</b>                        | <b>41,028</b>        | <b>(3,602)</b>        | <b>422</b>             | <b>855</b>               | <b>38,703</b>       |
| <b>Balance at 1 January 2018</b>                       | 41,005               | (1,658)               | 422                    | 863                      | 40,632              |
| Transaction with owners, recognised directly in equity |                      |                       |                        |                          |                     |
| Exercise of warrants                                   | 5                    | -                     | -                      | -                        | 5                   |
| Total comprehensive income for the period              | -                    | -                     | -                      | 73                       | 73                  |
| <b>Balance at 31 March 2018</b>                        | <b>41,010</b>        | <b>(1,658)</b>        | <b>422</b>             | <b>936</b>               | <b>40,710</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 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 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>Three months Ended</b> |                    |
|--|---------------------------|--------------------|
|  | <b>31 Mar 2019</b>        | <b>31 Mar 2018</b> |
| Balance as at 1 January                            | 242,521,225               | 246,870,100        |
| Issue of new shares upon exercising of warrants    | -                         | 22,125             |
| Purchase of treasury shares                        | (230,300)                 | -                  |
| Balance as at 31 March (excluding treasury shares) | 242,290,925               | 246,892,225        |

Treasury shares:

|  | <b>Three months Ended</b> |                    |
|--|---------------------------|--------------------|
|  | <b>31 Mar 2019</b>        | <b>31 Mar 2018</b> |
| Total number of treasury shares  | 9,540,800                 | 4,869,200          |
| Total number of ordinary shares  | 251,831,725               | 251,761,425        |
| Percentage of treasury shares over the total number of ordinary shares | 3.79%                     | 1.93%              |

As at 31 March 2019, there were 60,668,275 (as at 31 March 2018: 60,738,575) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles convertibles and subsidiary holdings held by the Company as at 31 March 2019 and 31 March 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</b>                   |                    |
|   | <b>31 Mar 2019</b>             | <b>31 Dec 2018</b> |
| <b>Issued and fully paid ordinary shares</b>            |                                |                    |
| Balance at beginning of the financial period            | 251,831,725                    | 251,739,300        |
| Issue of new shares upon exercising of warrants         | -                              | 92,425             |
| Balance at end of the financial period                  | 251,831,725                    | 251,831,725        |
| <b>Treasury shares</b>                                  |                                |                    |
| Balance at beginning of the financial period            | (9,310,500)                    | (4,869,200)        |
| Purchase of treasury shares                             | (230,300)                      | (4,441,300)        |
| Balance at end of the financial period                  | (9,540,800)                    | (9,310,500)        |
| <b>Issued ordinary shares excluding treasury shares</b> | <b>242,290,925</b>             | <b>242,521,225</b> |

**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.

**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 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>Group<br/>Three Months Ended</b> |                        |
|---|-------------------------------------|------------------------|
|   | <b>31 Mar<br/>2019</b>              | <b>31 Mar<br/>2018</b> |
| Loss attributable to owners of the Company (S\$’000)  | (1,186)                             | (1,293)                |
| Weighted average number of ordinary shares excluding treasury shares for computing basic EPS (’000)   | 242,452                             | 246,880                |
| Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS (’000) | 264,130                             | 270,219                |
| Basic loss per ordinary share (cents)   | (0.49)                              | (0.52)                 |
| Diluted loss per ordinary share (cents)   | (0.45)                              | (0.48)                 |

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current period reported on; and**  
 (b) **immediately preceding financial year.**

|  | <b>Group</b>           |                        | <b>Company</b>         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | <b>31 Mar<br/>2019</b> | <b>31 Dec<br/>2018</b> | <b>31 Mar<br/>2019</b> | <b>31 Dec<br/>2018</b> |
| Net asset value (’000)                                     | 24,148                 | 25,423                 | 38,703                 | 38,712                 |
| Number of ordinary shares excluding treasury shares (’000) | 242,291                | 242,521                | 242,291                | 242,521                |
| Net asset value per ordinary share (cents)                 | 9.97                   | 10.48                  | 15.97                  | 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.**

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 remained stable at approximately S\$1.6 million in the three (3) months ended 31 March 2018 ("**1Q2018**") and in the three (3) months ended 31 March 2019 ("**1Q2019**"). Our revenue in 1Q2018 and 1Q2019 was mainly contributed by maintenance works.

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

Our project and production costs remained stable at approximately S\$1.0 million in 1Q2018 and 1Q2019.

#### **Gross profit**

As a result of the foregoing, gross profit remained stable at approximately S\$0.6 million in 1Q2018 and 1Q2019.

#### **Other operating income**

Our other operating income decreased by approximately S\$55,000 or 71.4%, from S\$77,000 in 1Q2018 to S\$22,000 in 1Q2019. The decrease in other operating income was mainly due to capability development grant that was received from SPRING Singapore, currently known as Enterprise Singapore following a merger with International Enterprise Singapore, in 1Q2018.

#### **Employee benefits expenses**

Our employee benefits expenses decreased by approximately S\$18,000 or 2.2% from S\$832,000 in 1Q2018 to S\$814,000 in 1Q2019. The decrease was primarily due to a reduction in headcount.

#### **Depreciation expense**

Our depreciation expenses remained stable at approximately S\$0.4 million in 1Q2018 and in 1Q2019.

### **Other operating expenses**

Our other operating expenses decreased by approximately S\$117,000 or 18.9% from S\$619,000 in 1Q2018 to S\$502,000 in 1Q2019. The decrease in other operating expenses was mainly due to the decrease in foreign currency exchange loss and marketing expenses.

### **Finance costs**

Our finance costs decreased by approximately S\$30,000 or 23.4%, from S\$128,000 in 1Q2018 to S\$98,000 in 1Q2019. The decrease in finance costs was mainly due to the decrease of the bank loan interest rate from 3.18% in 1Q2018 to 2.48% in 1Q2019.

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

As a result of the foregoing, we recorded a net loss of approximately S\$1.2 million in 1Q2019.

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

### **Current assets**

Our current assets decreased by approximately S\$1.6 million from S\$13.5 million as at 31 December 2018 to S\$11.9 million as at 31 March 2019. The decrease in current assets was mainly due to the decrease in cash on hand and at bank of approximately S\$0.7 million, the decrease in trade and other receivables of approximately S\$0.8 million and contract assets of approximately S\$0.1 million.

### **Non-current assets**

Our non-current assets decreased by approximately S\$0.5 million from S\$28.9 million as at 31 December 2018 to S\$28.4 million as at 31 March 2019, primarily due to the depreciation of property, plant and equipment of approximately S\$0.4 million and amortisation of intangible assets of approximately S\$0.1 million.

### **Current liabilities**

Our current liabilities decreased by approximately S\$0.6 million from S\$2.0 million as at 31 December 2018 to S\$1.4 million as at 31 March 2019. The decrease in current liabilities was primarily due to the decrease in trade and other payables.

### **Non-current liabilities**

Our non-current liabilities decreased by approximately S\$0.3 million from S\$15.0 million as at 31 December 2018 to S\$14.8 million as at 31 March 2019, primarily due to the repayment of bank loans and lease liabilities.

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

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

Net cash used in operating activities was approximately S\$0.3 million in 1Q2019, which was a result of operating cash outflows before movements in working capital of approximately S\$0.6 million and interest payment of approximately S\$0.1 million, which was partially offset by a decrease in working capital of approximately S\$0.4 million. The decrease in working capital was primarily due to the decrease in trade and other receivables of approximately S\$0.8 million, decrease in the contract assets of approximately S\$0.2 million, partially offset by a decrease in trade and other payables of approximately S\$0.6 million.

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

Net cash used in investing activities was approximately S\$2,000 in 1Q2019, which was primarily due to the increase in fixed deposits pledged.

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

Net cash used in financing activities was approximately S\$0.3 million in 1Q2019, which was primarily due to the repayment of bank loans and lease liabilities of approximately S\$0.2 million and purchase of treasury shares of approximately S\$0.1 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 sustainable operating performance.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

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

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the first quarter and three months ended 31 March 2019.

**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. 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. 1,831,725 warrants have been exercised as at 31 March 2019. The proceeds arising from the exercise of 1,831,725 warrants was approximately S\$458,000. 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.



**16. 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 2019 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

3 May 2019