



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 Third Quarter and Nine Months Ended 30 September 2014

Starburst Holdings Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 10 July 2014. The initial public offering (the “IPO”) of the Company was sponsored by DBS Bank Ltd. (the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of 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 and the SGX-ST 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. Koh Boon Pin, Vice President, Capital Markets, DBS Bank Ltd., at 12 Marina Boulevard Level 46, DBS Asia Central, Marina Bay Financial Centre Tower 3, Singapore 018982, telephone +65 6878 8888.

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.

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			Nine Months Ended		
	30 Sep 2014	30 Sep 2013	Change	30 Sep 2014	30 Sep 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	7,550	3,470	117.6	29,006	8,688	233.9
Other operating income	118	1,140	(89.6)	146	1,186	(87.7)
Project and production costs	(2,764)	(1,451)	90.5	(10,851)	(3,416)	217.7
Employee benefits expenses	(1,185)	(603)	96.5	(2,529)	(1,473)	71.7
Depreciation expenses	(149)	(123)	21.1	(424)	(290)	46.2
Other operating expenses	(1,561)	(351)	344.7	(2,280)	(868)	162.7
Finance costs	(41)	(17)	141.2	(222)	(35)	534.3
Profit before income tax	1,968	2,065	(4.7)	12,846	3,792	238.8
Income tax expenses	(364)	(352)	3.4	(2,196)	(646)	239.9
Profit for the period	1,604	1,713	(6.4)	10,650	3,146	238.5
Other comprehensive income (net of tax):						
<u>Items that will not be reclassified to profit or loss</u>						
Gain on revaluation of property	-	-	-	-	6,287	n.m.
Deferred tax arising from the revaluation of property	-	-	-	-	(1,069)	n.m.
Other comprehensive income for the period, net of tax	-	-	-	-	5,218	n.m.
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Exchange difference on translation of foreign operation	*	*	n.m.	*	*	n.m.
Total comprehensive income for the period	1,604	1,713	(6.4)	10,650	8,364	27.3
Profit attributable to owners of the Company	1,604	1,713	(6.4)	10,650	3,146	238.5
Total comprehensive income attributable to owners of the Company	1,604	1,713	(6.4)	10,650	8,364	27.3

n.m. denotes not meaningful.

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

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

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 Sep 2014	30 Sep 2013	Change	30 Sep 2014	30 Sep 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	149	123	21.1	424	290	46.2
Amortisation of prepaid insurance	11	-	n.m.	32	-	n.m.
Interest expenses	41	17	141.2	222	35	534.3
Writeback of allowance for doubtful receivables	-	(1,145)	n.m.	(10)	(1,145)	(99.1)
Gain on disposal of property, plant and equipment	(93)	-	n.m.	(93)	-	n.m.
Foreign exchange (gains)/losses - net	(74)	11	(772.7)	(37)	3	(1,333.3)
Interest income	(3)	(3)	0.0	(9)	(10)	(10.0)

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	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	7,089	478	2,434	10
Fixed deposits	12,000	-	12,000	-
Trade and other receivables	9,250	10,478	262	-
Contract work-in-progress	15,409	10,595	-	-
Inventories	2,870	3,139	-	-
Total current assets	46,618	24,690	14,696	10
Non-current assets				
Fixed deposits pledged	3,517	5,514	-	-
Prepayment	1,123	1,155	-	-
Property, plant and equipment	8,823	8,853	-	-
Investment in subsidiaries	-	-	25,888	-
Total non-current assets	13,463	15,522	25,888	-
Total assets	60,081	40,212	40,584	10
LIABILITIES AND EQUITY				
Current liabilities				
Trust receipts, bank overdrafts and loans	689	3,208	-	-
Trade and other payables	3,077	3,837	86	10
Current portion of finance leases	86	86	-	-
Contract work-in-progress	-	282	-	-
Income tax payable	2,496	1,540	-	-
Total current liabilities	6,348	8,953	86	10
Non-current liabilities				
Bank loans	3,284	3,796	-	-
Finance leases	357	421	-	-
Deferred tax liabilities	1,129	1,161	-	-
Total non-current liabilities	4,770	5,378	-	-
Capital and reserves				
Share capital	40,570	450	40,570	*
Merger reserve	(25,438)	-	-	-
Asset revaluation reserve	5,218	5,218	-	-
Currency translation reserve	*	*	-	-
Retained earnings / (Accumulated losses)	28,613	20,213	(72)	(*)
Total equity	48,963	25,881	40,498	(*)
Total liabilities and equity	60,081	40,212	40,584	10

* 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			
	30 Sep 2014		31 Dec 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	775	-	3,294	-
Amount repayable after one year	3,641	-	4,217	-

Details of any collateral:

The facilities for the Group are secured by the following:

- 1) First legal mortgage of the leasehold property;
- 2) Fixed and floating charge on all assets and undertakings, both present and future, including goodwill and uncalled capital;
- 3) Fixed deposits of not less than S\$1.2 million;
- 4) A first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policy taken out on the life of the directors for a minimum sum insured of US\$1 million each; and
- 5) Joint and several personal guarantees from the directors of the Company.

Finance leases of S\$443,000 (31 Dec 2013: S\$507,000) are secured by the lessor's title on the leased assets.

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

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	1,968	2,065	12,846	3,792
Adjustments for:				
- Writeback of allowance for doubtful receivables	-	(1,145)	(10)	(1,145)
- Gain on disposal of property, plant and equipment	(93)	-	(93)	-
- Depreciation expense	149	123	424	290
- Interest expense	41	17	222	35
- Interest income	(3)	(3)	(9)	(10)
- Amortisation of prepaid insurance	11	-	32	-
Operating cash flows before movements in working capital	2,073	1,057	13,412	2,962
Trade and other receivables	(2,195)	692	1,238	164
Contract work-in-progress	138	(2,775)	(5,096)	(3,365)
Inventories	(12)	(2,027)	269	(2,020)
Trade and other payables	845	672	(760)	551
Net cash generated from (used in) operations	849	(2,381)	9,063	(1,708)
Income tax paid	(545)	(392)	(1,272)	(984)
Interest paid	(41)	(17)	(222)	(35)
Interest received	3	3	9	10
Net cash from (used in) operating activities	266	(2,787)	7,578	(2,717)
Investing activities				
Increase in fixed deposits	(12,008)	(824)	(10,003)	(2,160)
Purchase of property, plant and equipment	(169)	(254)	(301)	(387)
Net cash used in investing activities	(12,177)	(1,078)	(10,304)	(2,547)
Financing activities				
Proceeds from issuance of ordinary shares, net of transactions costs	14,682	-	14,682	-
Proceeds from bank loans	-	3,000	-	3,000
Repayment of finance lease	(21)	(21)	(64)	(64)
Trust receipts	(1,355)	-	(1,290)	-
Repayment of bank loans	(169)	(123)	(507)	(277)
Dividend paid	-	-	(2,250)	(1,620)
Net cash from financing activities	13,137	2,856	10,571	1,039
Net increase (decrease) in cash and cash equivalents	1,226	(1,009)	7,845	(4,225)
Cash and cash equivalents at beginning of financial period	5,863	3,234	(756)	6,450
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	*	*	*	*
Cash and cash equivalents at end of financial period	7,089	2,225	7,089	2,225

* 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 2014	450	5,218	*	-	20,213	25,881
Transactions with owners, recognised directly in equity						
Restructuring Exercise	(450)	-	-	(25,438)	-	(25,888)
Issue of shares pursuant to the Restructuring Exercise	25,888	-	-	-	-	25,888
Dividend	-	-	-	-	(2,250)	(2,250)
Issue of shares pursuant to the IPO	15,500	-	-	-	-	15,500
Share issue expenses	(818)	-	-	-	-	(818)
	40,570	5,218	*	(25,438)	17,963	38,313
Total comprehensive income for the period	-	-	*	-	10,650	10,650
Balance at 30 September 2014	40,570	5,218	*	(25,438)	28,613	48,963
Balance at 1 January 2013	450	-	-	-	13,104	13,554
Transactions with owners, recognised directly in equity						
Dividend	-	-	-	-	(1,620)	(1,620)
	450	-	-	-	11,484	11,934
Total comprehensive income for the period :						
Profit for the period	-	-	-	-	3,146	3,146
Other comprehensive income	-	5,218	*	-	-	5,218
Balance at 30 September 2013	450	5,218	*	-	14,630	20,298

* 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> ⁽¹⁾	Share capital	Accumulated losses	Total equity
	S\$	S\$	S\$
Balance at 1 January 2014	2	(389)	(387)
Transactions with owners, recognised directly in equity			
Issue of shares pursuant to the Restructuring Exercise	25,887,739	-	25,887,739
Issue of shares pursuant to the IPO	15,500,000	-	15,500,000
Share issue expenses	(817,944)	-	(817,944)
	40,569,797	(389)	40,569,408
Total comprehensive loss for the period	-	(71,066)	(71,066)
Balance at 30 September 2014	40,569,797	(71,455)	40,498,342

Note :

(1) As the Company was incorporated on 28 October 2013, there is no comparative statement for the corresponding period of the immediately preceding financial year presented.

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

Details of changes in the Company's share capital

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

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

Pursuant to the IPO, 50,000,000 new shares of the Company have been issued to institutional and public investors at issue price of S\$0.31 per share in connection with its listing on Catalist of the SGX-ST on 10 July 2014.

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

	Number of ordinary shares	
	As at	
	30 Sep 2014	31 Dec 2013
Total number of issued shares excluding treasury shares	<u>250,000,000</u>	<u>2</u>

The Company was incorporated on 28 October 2013 and did not have any treasury shares as at 30 September 2014 and 31 December 2013.

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

Not applicable.

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

Except for the comparative statement of financial position of the Group as at 31 December 2013, the financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The financial information for the current period have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2013.

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

The Group has adopted all new and revised Financial Reporting Standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are relevant to the Group and effective for financial period beginning on 1 January 2014.

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

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

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

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
Profit attributable to owners of the Company (S\$'000)	1,604	1,713	10,650	3,146
Number of ordinary shares ('000) ⁽¹⁾	250,000	250,000	250,000	250,000
Basic and diluted earnings per ordinary share (cents)	0.64	0.68	4.26	1.26

Earnings per ordinary share is calculated based on profit attributable to owners of the Company and issued ordinary shares of 250,000,000 as at 30 September 2014.

Note :

- (1) For illustrative purpose, the issued and paid up share capital of the Company of 250,000,000 ordinary shares is assumed to have been in issue throughout the entire three months and nine months ended 30 September 2013 and 30 September 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 ⁽¹⁾	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Net asset value per ordinary share (cents)	19.59	10.35	16.20	n.m.
Number of ordinary shares ('000) ⁽²⁾	250,000	250,000	250,000	-

Notes:

- (1) As the Company was incorporated on 28 October 2013 with an issued and paid-up share capital of 2 shares, the net asset value as of 31 December 2013 is not meaningful.
- (2) For Group illustrative purpose, the issued and paid up share capital of the Company of 250,000,000 ordinary shares is assumed to have been in issue as at 31 December 2013.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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

In the nine months ended 30 September 2014, group revenue rose 233.3% to S\$29.0 million and net profit increased 245.2% to S\$10.7 million compared to the previous corresponding period. In 3Q 2013, we benefited from a S\$1.1 million writeback of allowance for doubtful trade receivables whereas in 3Q 2014, we booked a one-time expense of S\$1.2 million for professional fees and related expenses in relation to the Company's IPO in July this year.

Review of the Group's Performance

Revenue

Our revenue increased by approximately S\$20.3 million or 233.3%, from S\$8.7 million in the nine months ended 30 September 2013 (“9M2013”) to S\$29.0 million in the nine months ended 30 September 2014 (“9M2014”). This was primarily due to the commencement of fabrication and installation works for one firearm shooting range project in Southeast Asia, one firearm shooting range project in the Middle East and one tactical training mock-up project in Southeast Asia. These projects were mostly in the design work phase in 9M2013 and there were more fabrication works carried out in 9M2014 as compared to 9M2013.

Project and production costs

Our project and production costs increased by approximately S\$7.5 million or 220.6%, from S\$3.4 million in 9M2013 to S\$10.9 million in 9M2014, primarily due to the increase in material and fabrication costs in connection with major fabrication and installation works carried out in 9M2014. The increase was in line with the increase in revenue in 9M2014.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S\$12.8 million or 241.5%, from S\$5.3 million in 9M2013 to S\$18.1 million in 9M2014. Our gross profit margin improved marginally from 60.9% in 9M2013 to 62.4% in 9M2014.

Other operating income

Our other operating income decreased by approximately S\$1.1 million or 91.7%, from S\$1.2 million in 9M2013 to S\$0.1 million in 9M2014. The decrease was primarily due to the writeback of allowance of doubtful trade receivables from a customer in 9M2013 in connection with a project in the Middle East.

Employee benefits expenses

Our employee benefits expenses increased by approximately S\$1.0 million or 66.7%, from S\$1.5 million in 9M2013 to S\$2.5 million in 9M2014. The increase in employee benefits expenses was primarily due to additional staff being recruited for our Abu Dhabi representative office, an annual increment exercise for our staff, provision of bonuses for staff, and directors' fees and performance bonus.

Depreciation expenses

Our depreciation expenses increased by approximately S\$0.1 million or 33.3%, from S\$0.3 million in 9M2013 to S\$0.4 million in 9M2014, primarily due to the adoption of the revaluation model under FRS 16 *Property, Plant and Equipment* for our leasehold land and building in May 2013, which resulted in an increase in the carrying value of our leasehold land and building.

Other operating expenses

Our other operating expenses increased by approximately S\$1.4 million or 155.6%, from S\$0.9 million in 9M2013 to S\$2.3 million in 9M2014, primarily due to the increase in professional fees and related expenses of approximately S\$1.2 million in relation to the Company's IPO in July this year and additional administrative, sales and marketing cost incurred for our Abu Dhabi representative office.

Finance costs

Our finance costs increased by approximately S\$187,000 or 534.3%, from S\$35,000 in 9M2013 to S\$222,000 in 9M2014, primarily due to an increase in the utilisation of term loan, bank overdrafts, letters of credit and trust receipts in 9M2014 as compared to 9M2013.

Income tax expense

Our income tax expense increased by approximately S\$1.6 million or 266.7%, from S\$0.6 million in 9M2013 to S\$2.2 million in 9M2014. The increase in income tax expense is in line with the increase in profit before income tax, which increased by approximately S\$9.0 million or 236.8% in 9M2014 as compared to 9M2013.

Net profit and net profit margin

As a result of the foregoing, our net profit for the period increased by S\$7.6 million or 245.2%, from S\$3.1 million in 9M2013 to S\$10.7 million in 9M2014, and our net profit margin remained stable for the period at 35.6% in 9M2013 and 36.9% in 9M2014.

Review of the Group's Financial Position

Current assets

Our current assets increased by approximately S\$21.9 million from S\$24.7 million as at 31 December 2013 to S\$46.6 million as at 30 September 2014. The increase in current assets was mainly due to the increase in cash and cash equivalents of approximately S\$6.6 million, fixed deposits of S\$12.0 million and contract work-in-progress of approximately S\$4.8 million which were partially offset by a decrease in trade and other receivables of approximately S\$1.2 million and inventories of approximately S\$0.3 million.

Non-current assets

Our non-current assets decreased by approximately S\$2.0 million from S\$15.5 million as at 31 December 2013 to S\$13.5 million as at 30 September 2014, primarily due to the withdrawal of fixed deposits pledged with a financial institution.

Current liabilities

Our current liabilities decreased by approximately S\$2.6 million from S\$8.9 million as at 31 December 2013 to S\$6.3 million as at 30 September 2014. The decrease in current liabilities was primarily due to the decrease in trust receipt, bank overdrafts and loans of approximately S\$2.5 million, trade and other payables of approximately S\$0.8 million and contract work-in-progress of approximately S\$0.3 million which was partially offset by an increase in income tax payable of approximately S\$1.0 million.

Non-current liabilities

Our non-current liabilities decreased by approximately S\$0.6 million from S\$5.4 million as at 31 December 2013 to S\$4.8 million as at 30 September 2014, primarily due to the repayment of bank loans and finance leases.

Review of the Group's Statement of Cash Flows

Net cash from operating activities

Net cash from operating activities was approximately S\$7.6 million in 9M2014, which was a result of operating cash flows before movements in working capital of approximately S\$13.4 million, pared by an increase in working capital of approximately S\$4.3 million and interest payments of approximately S\$0.2 million and income tax payments of approximately S\$1.3 million. The increases in working capital was primarily due to the increase in contract work-in-progress of approximately S\$5.1 million and trade and other payables of approximately S\$0.8 million and partially offset by a decrease in trade and other receivables of approximately S\$1.3 million and inventories of approximately S\$0.3 million.

Net cash used in investing activities

Net cash used in investing activities was approximately S\$10.3 million in 9M2014, which was primarily due to the increase in new fixed deposits of S\$12.0 million and purchase of property, plant and equipment of approximately S\$0.3 million and partially offset by the withdrawal of fixed deposits pledged with a financial institution of approximately S\$2.0 million.

Net cash from financing activities

Net cash from financing activities was approximately S\$10.6 million in 9M2014, which was primarily due to net proceeds from issuance of new ordinary shares of approximately S\$14.7 million and partially offset by repayment of bank loans of approximately S\$0.5 million, repayment of trust receipts of approximately S\$1.3 million and payment of dividend of approximately S\$2.3 million.

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

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

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

The Group will continue its efforts to secure new contracts, on the back of positive economic trend in Southeast Asia and the Middle East, and demand for firearm training facilities and tactical training mock-ups in these regions.

In addition, the Group intends to grow the recurrent portion of its revenue by expanding its portfolio of maintenance services contracts. Users today are more mindful of working with reputable maintenance service providers to maintain the operational efficiency of their shooting ranges, following a trend of rising cost of shooting ranges. This trend is in line with the increase in complexity and sophistication of shooting ranges to cope with more rigorous trainings and higher calibre of firearms used, and presents an opportunity to the Group to grow its maintenance services business.

Overall, the Group's business is still primarily project based, and the revenue contribution from the Group's customers may vary from quarter to quarter, depending on the size and scope of the projects and their completion schedules.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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 third quarter and nine months ended 30 September 2014.

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 Catalyst 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	-	7,000
Acquisition of plant and machinery	800	-	800
General working capital purposes	5,687	-	5,687
IPO expenses	2,013	(2,013)	-
Total	15,500	(2,013)	13,487

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 third quarter and nine months ended 30 September 2014 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 November 2014