



## 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 Second Quarter and Half Year Ended 30 June 2017

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*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.*

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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.

	Group					
	Three Months Ended			Six Months Ended		
	30 Jun 2017	30 Jun 2016	Change	30 Jun 2017	30 Jun 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	5,821	8,006	(27.3)	10,026	14,771	(32.1)
Other operating income	21	26	(19.2)	66	93	(29.0)
Project and production costs	(3,583)	(8,375)	(57.2)	(5,439)	(13,527)	(59.8)
Employee benefit expenses	(889)	(911)	(2.4)	(1,814)	(1,796)	1.0
Depreciation expense	(398)	(419)	(5.0)	(792)	(820)	(3.4)
Other operating expenses	(683)	(620)	10.2	(1,260)	(1,430)	(11.9)
Finance costs	(77)	(68)	13.2	(138)	(131)	5.3
<b>Profit (loss) before income tax</b>	212	(2,361)	n.m.	649	(2,840)	n.m.
Income tax benefit/(expense)	-	681	n.m.	(8)	729	n.m.
<b>Profit (loss) for the period</b>	212	(1,680)	n.m.	641	(2,111)	n.m.
<b>Other comprehensive income:</b>						
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>						
Exchange difference on translation of foreign operation	*	*	n.m.	*	*	n.m.
<b>Total comprehensive income (loss) for the period</b>	212	(1,680)	n.m.	641	(2,111)	n.m.
<b>Profit (loss) attributable to owners of the Company</b>	212	(1,680)	n.m.	641	(2,111)	n.m.
<b>Total comprehensive income (loss) attributable to owners of the Company</b>	212	(1,680)	n.m.	641	(2,111)	n.m.

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:

	<b>Group</b>					
	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>	<b>Change</b>	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	398	419	(5.0)	792	820	(3.4)
Gain on disposal of property, plant and equipment	-	-	-	(7)	(35)	(80.0)
Amortisation of prepaid insurance	11	12	(8.3)	23	23	0.0
Interest expenses	77	68	13.2	138	131	5.3
Foreign exchange losses/(gains) - net	89	(50)	n.m.	122	180	(32.2)
Interest income	(7)	(5)	40.0	(9)	(9)	0.0

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		As at	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash on hand and at bank	4,961	787	607	68
Fixed deposits	6,000	-	-	-
Trade and other receivables	5,775	10,110	4,242	5,854
Contract work-in-progress	2,756	3,761	-	-
Inventories	2,126	2,226	-	-
Property held for sale	-	6,935	-	-
<b>Total current assets</b>	<b>21,618</b>	<b>23,819</b>	<b>4,849</b>	<b>5,922</b>
<b>Non-current assets</b>				
Fixed deposits pledged	2,081	2,077	-	-
Prepayment	999	1,022	-	-
Property, plant and equipment	24,182	24,841	-	-
Intangible assets	600	-	-	-
Investment in subsidiaries	-	-	36,438	36,238
<b>Total non-current assets</b>	<b>27,862</b>	<b>27,940</b>	<b>36,438</b>	<b>36,238</b>
<b>Total assets</b>	<b>49,480</b>	<b>51,759</b>	<b>41,287</b>	<b>42,160</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank overdrafts and loans	575	1,120	-	-
Trade and other payables	1,790	2,960	52	77
Current portion of finance leases	106	86	-	-
Contract work-in-progress	173	201	-	-
Income tax payable	13	5	13	5
<b>Total current liabilities</b>	<b>2,657</b>	<b>4,372</b>	<b>65</b>	<b>82</b>
<b>Non-current liabilities</b>				
Bank loans	13,111	13,378	-	-
Finance leases	136	164	-	-
<b>Total non-current liabilities</b>	<b>13,247</b>	<b>13,542</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	40,590	40,570	40,590	40,570
Treasury shares	(308)	-	(308)	-
Warrant reserve	422	422	422	422
Asset revaluation reserve	-	6,042	-	-
Currency translation reserve	2	2	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	18,308	12,247	518	1,086
<b>Total equity</b>	<b>33,576</b>	<b>33,845</b>	<b>41,222</b>	<b>42,078</b>
	49,480	51,759	41,287	42,160

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

	30 Jun 2017		31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	681	-	1,206	-
Amount repayable after one year	13,247	-	13,542	-

**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\$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 million each; and
- 4) A corporate guarantee from the Company.

Finance leases of S\$242,000 (31 Dec 2016: S\$250,000) are secured by the lessor's title on the leased assets.

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

	Group			
	Three Months Ended		Six Months Ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Profit (loss) before income tax	212	(2,361)	649	(2,840)
Adjustments for:				
- Gain on disposal of property, plant and equipment	-	-	(7)	(35)
- Depreciation expense	398	419	792	820
- Interest expense	77	68	138	131
- Interest income	(7)	(5)	(9)	(9)
- Amortisation of prepaid insurance	11	12	23	23
<b>Operating cash flows before movements in working capital</b>	691	(1,867)	1,586	(1,910)
Trade and other receivables	1,600	(645)	4,340	(2,122)
Contract work-in-progress	(1,526)	(642)	977	(4,119)
Inventories	155	338	100	881
Trade and other payables	(425)	2,349	(1,170)	1,854
<b>Cash generated from (used in) operations</b>	495	(467)	5,833	(5,416)
Income tax refund (paid)	-	(4)	-	(4)
Interest paid	(77)	(68)	(138)	(131)
Interest received	-	-	4	2
<b>Net cash from (used in) operations activities</b>	418	(539)	5,699	(5,549)
<b>Investing activities</b>				
Increase in fixed deposits	(3,000)	(136)	(3,004)	(292)
Proceeds from disposal of property, plant and equipment	-	-	7	35
Proceeds from disposal of property held for sale	-	-	6,935	-
Purchase of intangible assets	(600)	-	(600)	-
Purchase of property, plant and equipment	(17)	(683)	(93)	(952)
<b>Net cash (used in) from investing activities</b>	(3,617)	(819)	3,245	(1,209)
<b>Financing activities</b>				
Proceeds from conversion to shares by warrant holders	20	-	20	-
Purchase of treasury shares	(87)	-	(308)	-
Repayment of finance lease	(25)	(21)	(48)	(43)
Proceeds from rights issue of warrant, net of transaction costs	-	475	-	475
Repayment of bank loans	(149)	(161)	(313)	(321)
Dividend paid	(622)	(2,500)	(622)	(2,500)
<b>Net cash used in financing activities</b>	(863)	(2,207)	(1,271)	(2,389)
<b>Net (decrease) increase in cash and cash equivalents</b>	(4,062)	(3,565)	7,673	(9,147)
<b>Cash and cash equivalents at beginning of financial period</b>	12,023	2,794	288	8,376
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</b>	7,961	(771)	7,961	(771)

\* 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 (con'd).

**Note A: Cash and cash equivalents**

	<b>Group</b>			
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Cash on hand and at bank	4,961	1,045	4,961	1,045
Fixed deposits	8,081	4,528	8,081	4,528
Bank overdraft	-	(1,816)	-	(1,816)
	13,042	3,757	13,042	3,757
Less: fixed deposits pledged	(2,081)	(4,528)	(2,081)	(4,528)
Less: fixed deposits with maturity date more than 3 months from the end of the reporting period	(3,000)	-	(3,000)	-
Cash and cash equivalents	7,961	(771)	7,961	(771)

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>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Warrant reserve</u>	<u>Asset revaluation reserve</u>	<u>Currency translation reserve</u>	<u>Merger reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
	S\$'000	S\$'000	S\$'000	S\$'000	\$'000	\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2017</b>	40,570	-	422	6,042	2	(25,438)	12,247	33,845
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	-	(308)	-	-	-	-	-	(308)
Conversion to shares by warrant holders	20	-	-	-	-	-	-	20
Dividend	-	-	-	-	-	-	(622)	(622)
	<u>40,590</u>	<u>(308)</u>	<u>422</u>	<u>6,042</u>	<u>2</u>	<u>(25,438)</u>	<u>11,625</u>	<u>32,935</u>
Total comprehensive loss for the period :								
Profit for the period	-	-	-	-	-	-	641	641
Other comprehensive income	-	-	-	-	*	-	-	*
Transfer on sale of property	-	-	-	(6,042)	-	-	6,042	-
<b>Balance at 30 June 2017</b>	<u>40,590</u>	<u>(308)</u>	<u>422</u>	<u>-</u>	<u>2</u>	<u>(25,438)</u>	<u>18,308</u>	<u>33,576</u>
<b>Balance at 1 January 2016</b>	40,570	-	-	5,218	1	(25,438)	26,462	46,813
Transactions with owners, recognised directly in equity								
Issue of warrants pursuant to the rights issue	-	-	625	-	-	-	-	625
Warrant issue expenses	-	-	(150)	-	-	-	-	(150)
Dividend	-	-	-	-	-	-	(2,500)	(2,500)
	<u>40,570</u>	<u>-</u>	<u>475</u>	<u>5,218</u>	<u>1</u>	<u>(25,438)</u>	<u>23,962</u>	<u>44,788</u>
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(2,111)	(2,111)
Other comprehensive income	-	-	-	-	*	-	-	*
<b>Balance at 30 June 2016</b>	<u>40,570</u>	<u>-</u>	<u>475</u>	<u>5,218</u>	<u>1</u>	<u>(25,438)</u>	<u>21,851</u>	<u>42,677</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>	<b>Share capital</b>	<b>Treasury Share</b>	<b>Warrant reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2017</b>	40,570	-	422	1,086	42,078
Transactions with owners, recognised directly in equity					
Purchase of treasury shares	-	(308)	-	-	(308)
Conversion to shares by warrant holders	20	-	-	-	20
Dividend	-	-	-	(622)	(622)
	40,590	(308)	422	464	41,168
Total comprehensive income for the period	-	-	-	54	54
<b>Balance at 30 June 2017</b>	40,590	(308)	422	518	41,222
<b>Balance at 1 January 2016</b>	40,570	-	-	2,863	43,433
Transactions with owners, recognised directly in equity					
Issue of warrants pursuant to the rights issue	-	-	625	-	625
Warrant issue expenses	-	-	(150)	-	(150)
Dividend	-	-	-	(2,500)	(2,500)
	40,570	-	475	363	41,408
Total comprehensive income for the period	-	-	-	29	29
<b>Balance at 30 June 2016</b>	40,570	-	475	392	41,437

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

On 15 June 2016, the Company issued 62,500,000 warrants at an issue price of S\$0.01 for each warrant. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.25 for each new share on the basis of one warrant for every four existing ordinary share in the capital of the Company. 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.

As at 30 June 2017, 79,725 warrants were converted to 79,725 new ordinary share of the Company, this brings the total issued share capital to 248,747,125 ordinary shares (as at 31 December 2016: 250,002,000 ordinary shares) excluding treasury shares. As at 30 June 2017, there were 62,420,275 outstanding warrants (as at 31 December 2016: 62,498,000 outstanding warrants) for which ordinary shares may be issued.

During the current financial year, the Company acquired 1,332,600 ordinary shares (as at 31 December 2016: Nil) by way of market purchase on the Singapore Stock Exchange and which were then held as treasury shares.

The total number of issued shares as at 30 June 2017 was 248,747,125 ordinary shares (as at 30 June 2016: 250,000,000 ordinary shares) excluding treasury shares and subsidiary holdings.

**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>30 June 2017</b>	<b>31 Dec 2016</b>
<b>Issued and fully paid ordinary shares</b>		
Balance at beginning of the financial period	250,002,000	250,000,000
Issue of new shares upon exercising of warrants	77,725	2,000
Balance at end of the financial period	250,079,725	250,002,000
<b>Treasury Shares</b>		
Balance at beginning of the financial period	-	-
Purchase of treasury shares	(1,332,600)	-
Balance at end of the financial period	(1,332,600)	-
<b>Issued ordinary shares excluding treasury shares</b>	<b>248,747,125</b>	<b>250,002,000</b>

**1(d)(iv) A statement showing all sales, transfers, 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 statement of financial position of the Group as at 31 December 2016, the financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The financial information for the current financial 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 2016.

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

The Group has adopted all new and revised Financial Reporting Standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are relevant to the Group and effective for financial period beginning on 1 January 2017.

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

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

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

	<b>Group</b>			
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
Profit/(loss) attributable to owners of the Company (S\$'000)	212	(1,680)	641	(2,111)
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	248,887	250,000	249,028	250,000
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	253,724	250,000	253,865	250,000
Basic earnings (loss) per ordinary share (cents)	0.09	(0.67)	0.26	(0.84)
Diluted earnings (loss) per ordinary share (cents)	0.08	(0.67)	0.25	(0.84)

Warrants do not carry a dilutive effect as at 30 June 2016 as the average market price of ordinary shares during the period below the exercise price of the warrants of S\$0.25.

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>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
Net asset value per ordinary share (cents)	13.50	13.54	16.57	16.83
Number of ordinary shares excluding treasury shares ('000)	248,747	250,002	248,747	250,002

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

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

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

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

### **Revenue**

Our revenue decreased by approximately S\$4.8 million or 32.1%, from S\$14.8 million in the half year ended 30 June 2016 (“HY2016”) to S\$10.0 million in the half year ended 30 June 2017 (“HY2017”). Our revenue in HY2017 was mainly contributed by additional work undertaken for a firearm shooting range project in the Middle East, two shooting range projects and a security detention facility project in Southeast Asia. By comparison, our projects in HY2016 comprised primarily of fabrication and installation work phases of the Marina One architectural steel project at Marina Way in Singapore (“Marina One Project”), and design and fabrication work phases for three firearm shooting range projects in the Middle East.

### **Project and production costs**

Our project and production costs decreased by approximately S\$8.1 million or 59.8%, from S\$13.5 million in HY2016 to S\$5.4 million in HY2017. The decline was in line with the decrease in revenue and lower sub-contractor and overhead costs in HY2017. There was also a provision of foreseeable loss of S\$2.0 million for Marina One Project in HY2016.

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

As a result of the foregoing, our gross profit increased from S\$1.3 million in HY2016 to S\$4.6 million in HY2017. Our gross profit margin increased from 8.1% in HY2016 to 45.8% in HY2017.

### **Other operating income**

Our other operating income decreased by approximately S\$27,000 or 29.0%, from S\$93,000 in HY2016 to S\$66,000 in HY2017. The decrease was mainly due to a lower gain on disposal of property, plant and equipment in HY2017.

### **Employee benefit expenses**

Our employee benefits expenses remained stable at approximately S\$1.8 million in HY2016 and HY2017.

### **Depreciation expenses**

Our depreciation expenses remained stable at approximately S\$0.8 million in HY2016 and HY2017.

### **Other operating expenses**

Our other operating expenses decreased by approximately S\$0.1 million or 11.9%, from S\$1.4 million in HY2016 to S\$1.3 million in HY2017, primarily due to the decrease in foreign currency exchange loss arising from the projects in the Middle East and lower land rent and property tax due to the disposal of a leasehold property at 6 Tuas West Street.

### **Finance costs**

Our finance costs remained stable at approximately S\$131,000 in HY2016 and S\$138,000 in HY2017.

### **Income tax expenses**

Our income tax expenses increased by approximately S\$737,000 or 101.1%, from an income tax benefit of S\$729,000 in HY2016 to an income tax expense of S\$8,000 in HY2017. The increase in income tax expense was in line with the profit before income tax.

### **Net profit for the period**

As a result of the foregoing, we recorded a net profit of S\$0.6 million in HY2017.

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

### **Current assets**

Our current assets decreased by approximately S\$2.2 million from S\$23.8 million as at 31 December 2016 to S\$21.6 million as at 30 June 2017. The decline in current assets was mainly due to the decrease in property held for sale of approximately S\$6.9 million, trade and other receivables of approximately S\$4.3 million, contract work-in-progress of approximately S\$1.0 million and inventories of approximately S\$0.1 million, partially offset by an increase in cash on hand and at bank of approximately S\$4.1 million and fixed deposits of approximately S\$6.0 million.

### **Non-current assets**

Our non-current assets remained stable at approximately S\$27.9 million as at 31 December 2016 and 30 June 2017.

### **Current liabilities**

Our current liabilities decreased by approximately S\$1.7 million from S\$4.4 million as at 31 December 2016 to S\$2.7 million as at 30 June 2017. The decrease in current liabilities is mainly due to the drop in bank overdraft and loans of approximately S\$0.5 million and trade and other payables of approximately S\$1.2 million.

### **Non-current liabilities**

Our non-current liabilities decreased by approximately S\$0.3 million from S\$13.5 million as at 31 December 2016 to S\$13.2 million as at 30 June 2017. The decrease in non-current liabilities is mainly due to the repayment of term loan during HY2017.

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

### **Net cash from operating activities**

Net cash from operating activities was approximately S\$5.8 million in HY2017, which was a result of operating cash inflows before movements in working capital of approximately S\$1.6 million and a decrease in working capital of approximately S\$4.2 million. The decrease in working capital was primarily due to the decline in trade and other receivables of approximately S\$4.3 million, contract work-in-progress of approximately S\$1.0 million and inventories of approximately S\$0.1 million and partially offset by an increase in trade and other payables of approximately S\$1.2 million.

### **Net cash from investing activities**

Net cash from investing activities was approximately S\$3.2 million in HY2017, which was primarily due to the proceeds from disposal of property held for sale of approximately S\$6.9 million and partially offset by an increase in fixed deposits of approximately S\$3.0 million, purchase of intangible assets of approximately S\$0.6 million and purchase of property, plant and equipment of approximately S\$0.1 million.

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

Net cash used in financing activities was approximately S\$1.3 million in HY2017, which was primarily due to dividends payment of S\$0.6 million, repayment of bank loans and finance lease of approximately S\$0.4 million and purchase of treasury shares of approximately S\$0.3 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.**

To respond to the rising threat of terrorism and extremism, law enforcement authorities around the world are increasing the training of their security personnel on the use of live firearms at firearm shooting ranges and tactical training mock-ups. The Group is working closely with existing and potential customers to design and deliver customised security training solutions and timely maintenance to extend the operational efficiency of these specialised assets. Notwithstanding competitive market conditions, the Group is committed to deliver more projects to its customers in both Southeast Asia and the Middle East.

Starburst is a strong brand name in the defense industry in Southeast Asia and the Middle East. To capitalise on its strengths, the Group recently acquired the security engineering solutions business from the Swiss Securitas Group and entered into a strategic partnership with them to provide Starburst's customers with a broader range of security solutions. The Group will continue to evaluate suitable opportunities for acquisition in order to further enhance its suite of security related services.

With a major portion of the Group's business being project based, 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. At the same time, the Group will continue to focus on managing its project and production costs more effectively to ensure 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 second quarter and half year ended 30 June 2017.

**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. 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 second quarter and half year ended 30 June 2017 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

11 August 2017