



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 Second Quarter and Half Year Ended 30 June 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			Six Months Ended		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	7,924	2,447	223.8	21,456	5,218	311.2
Other operating income	5	26	(80.8)	28	46	(39.1)
Project and production costs	(3,191)	(640)	398.6	(8,087)	(1,965)	311.6
Employee benefits expenses	(731)	(521)	40.3	(1,344)	(870)	54.5
Depreciation expenses	(139)	(99)	40.4	(275)	(167)	64.7
Other operating expenses	(211)	(222)	(5.0)	(719)	(517)	39.1
Finance costs	(84)	(9)	833.3	(181)	(18)	905.6
Profit before income tax	3,573	982	263.8	10,878	1,727	529.9
Income tax expenses	(601)	(167)	259.9	(1,832)	(294)	523.1
Profit for the period	2,972	815	264.7	9,046	1,433	531.3
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.	-	6,287	n.m.
Deferred tax arising from the revaluation of property	-	(1,069)	n.m.	-	(1,069)	n.m.
Other comprehensive income for the period, net of tax	-	5,218	n.m.	-	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	2,972	6,033	(50.7)	9,046	6,651	36.0
Profit attributable to owners of the Company	2,972	815	264.7	9,046	1,433	531.3
Total comprehensive income attributable to owners of the Company	2,972	6,033	(50.7)	9,046	6,651	36.0

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			Six Months Ended		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	139	99	40.4	275	167	64.7
Amortisation of prepaid insurance	11	-	n.m.	21	-	n.m.
Interest expenses	84	9	833.3	181	18	905.6
Writeback of allowance for doubtful receivables	-	-	-	(10)	-	n.m.
Foreign exchange (gains)/losses - net	(96)	(3)	n.m.	37	(8)	562.5
Interest income	(2)	(4)	(50.0)	(6)	(7)	(14.3)

n.m. denotes not meaningful.

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

	Group		Company	
	As at		As at	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,863	478	11	10
Trade and other receivables	7,055	10,478	12	-
Contract work-in-progress	15,547	10,595	-	-
Inventories	2,858	3,139	-	-
Total current assets	31,323	24,690	23	10
Non-current assets				
Fixed deposits pledged	3,509	5,514	-	-
Prepayment	1,134	1,155	-	-
Property, plant and equipment	8,710	8,853	-	-
Investment in subsidiaries	-	-	25,888	-
Total non-current assets	13,353	15,522	25,888	-
Total assets	44,676	40,212	25,911	10
LIABILITIES AND EQUITY				
Current liabilities				
Trust receipts, bank overdrafts and loans	2,037	3,208	-	-
Trade and other payables	2,232	3,837	31	10
Current portion of finance leases	86	86	-	-
Contract work-in-progress	-	282	-	-
Income tax payable	2,664	1,540	-	-
Total current liabilities	7,019	8,953	31	10
Non-current liabilities				
Bank loans	3,460	3,796	-	-
Finance leases	378	421	-	-
Deferred tax liabilities	1,142	1,161	-	-
Total non-current liabilities	4,980	5,378	-	-
Capital and reserves				
Share capital	25,888	450	25,888	*
Merger reserve	(25,438)	-	-	-
Asset revaluation reserve	5,218	5,218	-	-
Currency translation reserve	*	*	-	-
Retained earnings / (Accumulated losses)	27,009	20,213	(8)	(*)
Total equity	32,677	25,881	25,880	(*)
Total liabilities and equity	44,676	40,212	25,911	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.

	30 Jun 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	2,123	-	3,294	-
Amount repayable after one year	3,838	-	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\$464,000 (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		Six Months Ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	3,573	982	10,878	1,727
Adjustments for:				
- Writeback of allowance for doubtful receivables	-	-	(10)	-
- Depreciation expense	139	99	275	167
- Interest expense	84	9	181	18
- Interest income	(2)	(4)	(6)	(7)
- Amortisation of prepaid insurance	11	-	21	-
Operating cash flows before movements in working capital	3,805	1,086	11,339	1,905
Trade and other receivables	8,332	(1,405)	3,433	(528)
Contract work-in-progress	496	(1,737)	(5,234)	(590)
Inventories	(177)	37	281	7
Trade and other payables	(1,302)	(190)	(1,605)	(121)
Net cash generated from (used in) operations	11,154	(2,209)	8,214	673
Income tax paid	(727)	(592)	(727)	(592)
Interest paid	(84)	(9)	(181)	(18)
Interest received	2	4	6	7
Net cash from (used in) operating activities	10,345	(2,806)	7,312	70
Investing activities				
Decrease (Increase) in fixed deposits	-	-	2,005	(1,336)
Purchase of property, plant and equipment	(42)	(26)	(132)	(133)
Net cash (used in) from investing activities	(42)	(26)	1,873	(1,469)
Financing activities				
Repayment of finance lease	(21)	(21)	(43)	(43)
Trust receipts	(352)	-	65	-
Repayment of bank loans	(167)	(77)	(338)	(154)
Dividend paid	(2,250)	(1,620)	(2,250)	(1,620)
Net cash used in financing activities	(2,790)	(1,718)	(2,566)	(1,817)
Net increase (decrease) in cash and cash equivalents	7,513	(4,550)	6,619	(3,216)
Cash and cash equivalents at beginning of financial period	(1,650)	7,784	(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	5,863	3,234	5,863	3,234

* 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.

Group	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)
	25,888	5,218	*	(25,438)	17,963	23,631
Total comprehensive income for the period	-	-	*	-	9,046	9,046
Balance at 30 June 2014	25,888	5,218	*	(25,438)	27,009	32,677
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	-	-	-	-	1,433	1,433
Other comprehensive income	-	5,218	*	-	-	5,218
Balance at 30 June 2013	450	5,218	*	-	12,917	18,585

* 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⁾	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	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
	25,887,741	(389)	25,887,352
Total comprehensive loss for the period	-	(7,973)	(7,973)
Balance at 30 June 2014	<u>25,887,741</u>	<u>(8,362)</u>	<u>25,879,379</u>

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>

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.

Subsequent to the financial period ended 30 June 2014, 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 Jun 2014	31 Dec 2013
Total number of issued shares excluding treasury shares	<u>200,000,000</u>	<u>2</u>

The Company was incorporated on 28 October 2013 and did not have any treasury shares as at 30 June 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		Six Months Ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
Profit attributable to owners of the Company (S\$'000)	2,972	815	9,046	1,433
Number of ordinary shares ('000) ⁽¹⁾	200,000	200,000	200,000	200,000
Basic and diluted earnings per ordinary share (cents)	1.49	0.41	4.52	0.72

Earnings per ordinary share is calculated based on profit attributable to owners of the Company and issued ordinary shares of 200,000,000 as at 30 June 2014.

Note :

- (1) For illustrative purpose, the issued and paid up share capital of the Company of 200,000,000 ordinary shares is assumed to have been in issue throughout the entire three months and six months ended 30 June 2013 and 30 June 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 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share (cents)	16.34	12.94	12.94	n.m.
Number of ordinary shares ('000) ⁽²⁾	200,000	200,000	200,000	-

Notes:

- (1) The Company was incorporated on 28 October 2013 with an issued and paid-up share capital of 2 shares, therefore 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 200,000,000 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.

Review of the Group's Performance

Revenue

Our revenue increased by approximately S\$16.2 million or 311.5%, from S\$5.2 million in the half year ended 30 June 2013 ("HY2013") to S\$21.4 million in the half year ended 30 June 2014 ("HY2014"). The increase in revenue was primarily due to the commencement of fabrication and installation works phases in HY2014 for two firearm shooting range projects in Southeast Asia and Middle East and one tactical training mock-ups project in Southeast Asia. These projects were in the design work phase in HY2013.

Project and production costs

Our project and production costs increased by approximately S\$6.1 million or 305.0%, from S\$2.0 million in HY2013 to S\$8.1 million in HY2014, primarily due to the increase in material and fabrication costs for projects carried out in the fabrication and installation work phases in HY2014. The increase was in line with the increase in revenue in HY2014.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S\$10.1 million or 315.6%, from S\$3.2 million in HY2013 to S\$13.3 million in HY2014. Our gross profit margin remained stable at 61.5% in HY2013 and 62.1% in HY2014.

Employee benefits expenses

Our employee benefits expenses increased by approximately S\$0.4 million or 44.4%, from S\$0.9 million in HY2013 to S\$1.3 million in HY2014. The increase in employee benefits expenses was primarily due to additional staff being recruited for our Abu Dhabi representative office and an annual increment exercise for our staff.

Depreciation expenses

Our depreciation expenses increased by approximately S\$0.1 million or 50.0%, from S\$0.2 million in HY2013 to S\$0.3 million in HY2014, 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 increase in the carrying value of our leasehold and building.

Other operating expenses

Our other operating expenses increased by approximately S\$0.2 million or 40.0%, from S\$0.5 million in HY2013 to S\$0.7 million in HY2014, primarily due to additional administrative, sales and marketing cost incurred for our Abu Dhabi representative office.

Finance costs

Our finance costs increased by approximately S\$163,000 or 905.6%, from S\$18,000 in HY2013 to S\$181,000 in HY2014, primarily due to an increase in term loan, bank overdrafts and letters of credit and trust receipts in HY2014 as compared to HY2013.

Income tax expense

Our income tax expense increased by approximately S\$1.5 million or 500.0%, from S\$0.3 million in HY2013 to S\$1.8 million in HY2014. The increase in income tax is in line with the increase in profit before income tax, which increased by approximately S\$9.2 million or 529.9% in HY2014 as compared to HY2013.

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 542.9%, from S\$1.4 million in HY2013 to S\$9.0 million in HY2014, and our net profit margin for the period increased to 42.1% in HY2014 from 26.9% in HY2013.

Review of the Group's Financial Position

Current assets

Our current assets increased by approximately S\$6.6 million from S\$24.7 million as at 31 December 2013 to S\$31.3 million as at 30 June 2014. The increase in current assets was mainly due to the increase in cash and cash equivalents of approximately S\$5.4 million and contract work-in-progress of approximately S\$4.9 million which were partially offset by a decrease in trade and other receivables of approximately S\$3.4 million and inventories of approximately S\$0.3 million.

Non-current assets

Our non-current assets decreased by approximately S\$2.1 million from S\$15.5 million as at 31 December 2013 to S\$13.4 million as at 30 June 2014, primarily due to withdrawal of fixed deposits pledged with a financial institution.

Current liabilities

Our current liabilities decreased by approximately S\$2.0 million from S\$9.0 million as at 31 December 2013 to S\$7.0 million as at 30 June 2014. The decrease in current liabilities was primarily due to the decrease in trust receipt, bank overdraft and loans of approximately S\$1.2 million, trade and other payables of approximately S\$1.6 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\$1.1 million.

Non-current liabilities

Our non-current liabilities decreased by approximately S\$0.4 million from S\$5.4 million as at 31 December 2013 to S\$5.0 million as at 30 June 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\$7.3 million in HY2014, which was a result of operating cash flows before movements in working capital of approximately S\$11.3 million, pared by an increase in working capital of approximately S\$3.1 million and interest payments of approximately S\$0.2 million and income tax payments of approximately S\$0.7 million. The increases in working capital was primarily due to the increase in contract work-in-progress of approximately S\$5.2 million and trade and other payables of approximately S\$1.6 million and partially offset by a decrease in trade and other receivables of approximately S\$3.4 million and inventories of approximately S\$0.3 million.

Net cash from investing activities

Net cash from investing activities was approximately S\$1.9 million in HY2014, which was primarily due to withdrawal of fixed deposits pledged with a financial institution of approximately S\$2.0 million and partially offset by the 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\$2.6 million in HY2014, which was primarily due to repayment of bank loans of approximately S\$0.3 million and payment of dividends 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.

As the Group's business is primarily project based, 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/recommended, a statement to that effect

No dividend has been declared or recommended for the second quarter and half year ended 30 June 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

As at the date of this announcement, the Company has not utilised the IPO proceeds.

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

On behalf of the Board of Directors of the Company, we confirm, 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 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 August 2014