



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 2019

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").

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.

The contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	2,643	1,786	48.0	6,160	4,849	27.0
Other operating income	23	15	53.3	68	207	(67.1)
Project and production costs	(1,710)	(1,295)	32.0	(3,810)	(3,329)	14.4
Employee benefits expenses	(829)	(807)	2.7	(2,418)	(2,436)	(0.7)
Depreciation expense	(310)	(370)	(16.2)	(1,018)	(1,129)	(9.8)
Other operating expenses	(405)	(501)	(19.2)	(1,442)	(1,670)	(13.7)
Finance costs	(98)	(59)	66.1	(294)	(331)	(11.2)
Loss before income tax	(686)	(1,231)	(44.3)	(2,754)	(3,839)	(28.3)
Income tax expense	(6)	(4)	50.0	(17)	(8)	112.5
Loss for the period	(692)	(1,235)	(44.0)	(2,771)	(3,847)	(28.0)
Other comprehensive income:						
<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 loss for the period	(692)	(1,235)	(44.0)	(2,771)	(3,847)	(28.0)
Loss attributable to owners of the Company	(692)	(1,235)	(44.0)	(2,771)	(3,847)	(28.0)
Total comprehensive loss attributable to owners of the Company	(692)	(1,235)	(44.0)	(2,771)	(3,847)	(28.0)

n.m. denotes not meaningful.

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

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

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation expense	310	370	(16.2)	1,018	1,129	(9.8)
Amortisation of prepaid insurance	11	11	0.0	34	34	0.0
Interest expense	98	59	66.1	294	331	(11.2)
Amortisation of intangible assets	-	75	n.m.	150	225	(33.3)
Written-off of property, plant and equipment	-	1	n.m.	-	1	n.m.
Allowance for doubtful debts	-	-	-	-	1	n.m.
Foreign exchange losses/(gains)-net	7	(1)	n.m.	13	(14)	n.m.
Gain on disposal of property, plant and equipment	3	-	n.m.	3	-	n.m.
Interest income	7	(11)	n.m.	17	(21)	n.m.

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 30 Sep 2019	As at 31 Dec 2018	As at 30 Sep 2019	As at 31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	4,056	7,966	28	242
Trade and other receivables	3,512	2,578	1,165	1,472
Contract assets	705	808	-	-
Inventories	2,008	2,110	-	-
Total current assets	10,281	13,462	1,193	1,714
Non-current assets				
Fixed deposits pledged	2,820	2,815	-	-
Prepayments	898	932	-	-
Investment in subsidiaries	-	-	36,438	36,438
Amount due from a subsidiary	-	-	643	643
Property, plant and equipment	23,969	24,983	-	-
Intangible assets	-	150	-	-
Total non-current assets	27,687	28,880	37,081	37,081
Total assets	37,968	42,342	38,274	38,795
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	651	639	-	-
Trade and other payables	877	1,185	41	64
Current portion of lease liabilities	58	126	-	-
Contract liabilities	14	-	-	-
Income tax payable	17	19	17	19
Total current liabilities	1,617	1,969	58	83
Non-current liabilities				
Bank loans	11,610	12,099	-	-
Lease liabilities	2,818	2,851	-	-
Total non-current liabilities	14,428	14,950	-	-
Capital and reserves				
Share capital	41,055	41,028	41,055	41,028
Treasury shares	(3,663)	(3,513)	(3,663)	(3,513)
Warrant reserve	422	422	422	422
Currency translation reserve	1	1	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	9,546	12,923	402	775
Total equity	21,923	25,423	38,216	38,712
Total liabilities and equity	37,968	42,342	38,274	38,795

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 2019		31 Dec 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	665	-	722	-
Amount repayable after one year	11,610	-	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\$14,000 (31 December 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.

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Loss before income tax	(686)	(1,231)	(2,754)	(3,839)
Adjustments for:				
- Depreciation expense	310	370	1,018	1,129
- Interest expense	98	59	294	331
- Interest income	(7)	(11)	(17)	(21)
- Amortisation of intangible assets	-	75	150	225
- Allowance for doubtful debts	-	-	-	1
- Amortisation of prepaid insurance	11	11	34	34
- Written-off of property, plant and equipment	-	1	-	1
- Gain on disposal of property, plant and equipment	(3)	-	(3)	-
Operating cash flows before movements in working capital	(277)	(726)	(1,278)	(2,139)
Trade and other receivables	(46)	58	(922)	1,887
Contract assets/liabilities	(39)	491	117	1,101
Inventories	50	(359)	102	(235)
Trade and other payables	226	106	(308)	(821)
Net cash used in operations	(86)	(430)	(2,289)	(207)
Income tax paid	(19)	(4)	(19)	(8)
Interest paid	(98)	(59)	(294)	(331)
Interest received	-	1	5	12
Net cash used in operations activities	(203)	(492)	(2,597)	(534)
Investing activities				
Decrease (Increase) in fixed deposits	-	3,018	(5)	2,593
Purchase of property, plant and equipment	(1)	(2)	(4)	(9)
Proceeds from disposal of property, plant and equipment	3	-	3	-
Net cash from (used in) investing activities	2	3,016	(6)	2,584
Financing activities				
Purchase of treasury shares	(61)	-	(150)	(1,855)
Proceeds from exercise of warrants	25	-	27	23
Repayment of bank loans	(159)	(205)	(477)	(493)
Repayment of lease liabilities	(32)	(40)	(101)	(106)
Dividend paid	-	-	(606)	(606)
Net cash used in financing activities	(227)	(245)	(1,307)	(3,037)
Net (decrease) increase in cash and cash equivalents	(428)	2,279	(3,910)	(987)
Cash and cash equivalents at beginning of financial period	4,485	5,026	7,966	8,292
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(1)	*	*	*
Cash and cash equivalents at end of financial period (Note A)	4,056	7,305	4,056	7,305

* 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

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash on hand and at bank	4,056	4,287	4,056	4,287
Fixed deposits	2,820	5,829	2,820	5,829
	6,876	10,116	6,876	10,116
Less: fixed deposits pledged	(2,820)	(2,811)	(2,820)	(2,811)
Cash and cash equivalents	4,056	7,305	4,056	7,305

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	Treasury shares	Warrant reserve	Currency translation reserve	Merger reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	\$'000	\$'000	S\$'000	S\$'000
Balance at 1 January 2019	41,028	(3,513)	422	1	(25,438)	12,923	25,423
Transactions with owners, recognised directly in equity							
Exercise of warrants	27	-	-	-	-	-	27
Repurchase of shares	-	(150)	-	-	-	-	(150)
Dividend	-	-	-	-	-	(606)	(606)
	41,055	(3,663)	422	1	(25,438)	12,317	24,694
Total comprehensive loss for the period :							
Loss for the period	-	-	-	-	-	(2,771)	(2,771)
Other comprehensive income	-	-	-	*	-	-	*
Balance at 30 September 2019	41,055	(3,663)	422	1	(25,438)	9,546	21,923
Balance at 1 January 2018 (re-stated)	41,005	(1,658)	422	1	(25,438)	17,773	32,105
Transactions with owners, recognised directly in equity							
Exercise of warrants	23	-	-	-	-	-	23
Repurchase of shares	-	(1,855)	-	-	-	-	(1,855)
Dividend	-	-	-	-	-	(606)	(606)
	41,028	(3,513)	422	1	(25,438)	17,167	29,667
Total comprehensive loss for the period :							
Loss for the period	-	-	-	-	-	(3,847)	(3,847)
Other comprehensive income	-	-	-	*	-	-	*
Balance at 30 September 2018	41,028	(3,513)	422	1	(25,438)	13,320	25,820

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>	<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
Balance at 1 January 2019	41,028	(3,513)	422	775	38,712
Transactions with owners, recognised directly in equity					
Exercise of warrants	27	-	-	-	27
Repurchase of shares	-	(150)	-	-	(150)
Dividend	-	-	-	(606)	(606)
	41,055	(3,663)	422	169	37,983
Total comprehensive income for the period	-	-	-	233	233
Balance at 30 September 2019	41,055	(3,663)	422	402	38,216
Balance at 1 January 2018	41,005	(1,658)	422	863	40,632
Transactions with owners, recognised directly in equity					
Exercise of warrants	23	-	-	-	23
Repurchase of shares	-	(1,855)	-	-	(1,855)
Dividend	-	-	-	(606)	(606)
	41,028	(3,513)	422	257	38,194
Total comprehensive income for the period	-	-	-	208	208
Balance at 30 September 2018	41,028	(3,513)	422	465	38,402

* 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:

	Three Months Ended	
	30 Sep 2019	30 Sep 2018
Balance as at 1 July	242,300,925	242,521,225
Issue of new shares upon exercising of warrants	99,200	-
Purchase of treasury shares	(166,600)	-
Balance as at 30 September (excluding treasury shares)	242,233,525	242,521,225

Treasury shares:

	Three Months Ended	
	30 Sep 2019	30 Sep 2018
Total number of treasury shares	9,707,400	9,310,500
Total number of ordinary shares	251,940,925	251,831,725
Percentage of treasury shares over the total number of ordinary shares	3.85%	3.70%

As at 30 September 2019, there were 60,559,075 (as at 30 September 2018: 60,668,275) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles and subsidiary holdings as at 30 September 2019 and 30 September 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.

	Number of issued shares	
	As at	
	30 Sep 2019	31 Dec 2018
Issued and fully paid ordinary shares		
Balance at beginning of the financial period	251,831,725	251,739,300
Issue of new shares upon exercising of warrants	109,200	92,425
Balance at end of the financial period	251,940,925	251,831,725
Treasury Shares		
Balance at beginning of the financial period	(9,310,500)	(4,869,200)
Purchase of treasury shares	(396,900)	(4,441,300)
Balance at end of the financial period	(9,707,400)	(9,310,500)
Issued ordinary shares excluding treasury shares	242,233,525	242,521,225

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).**

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
Loss attributable to owners of the Company (S\$’000)	(692)	(1,235)	(2,771)	(3,847)
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS(‘000)	242,368	242,521	242,372	244,200
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS(‘000)	262,988	265,647	263,838	267,615
Basic loss per ordinary share (cents)	(0.29)	(0.51)	(1.14)	(1.58)
Diluted loss per ordinary share (cents)	(0.26)	(0.46)	(1.05)	(1.44)

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	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Net asset value (‘000)	21,923	25,423	38,216	38,712
Number of ordinary shares excluding treasury shares (‘000)	242,234	242,521	242,234	242,521
Net asset value per ordinary share (cents)	9.05	10.48	15.78	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 increased by approximately S\$1.4 million or 27.0%, from S\$4.8 million in the nine months ended 30 September 2018 ("9M2018") to S\$6.2 million in the nine months ended 30 September 2019 ("9M2019"). The increase in revenue was mainly contributed by the design, supply and installation of an underwater training facility in Southeast Asia and ad hoc works from existing maintenance customers.

Project and production costs

Our project and production costs increased by approximately S\$0.5 million or 14.4%, from S\$3.3 million in 9M2018 to S\$3.8 million in 9M2019. The increase in project and production costs was in line with the increase in revenue.

Gross profit

As a result of the foregoing, our gross profit increased by approximately S\$0.8 million or 54.6%, from S\$1.5 million in 9M2018 to S\$2.4 million in 9M2019.

Other operating income

Our other operating income decreased by approximately S\$139,000 or 67.1%, from S\$207,000 in 9M2018 to S\$68,000 in 9M2019. The decrease in other operating income was mainly due to the decrease in foreign exchange gain and grants received from various government agencies.

Employee benefit expenses

Our employee benefits expenses remained stable at approximately S\$2.4 million in 9M2018 and 9M2019.

Depreciation expense

Our depreciation expense remained stable at approximately S\$1.1 million in 9M2018 and S\$1.0 million in 9M2019 respectively.

Other operating expenses

Our other operating expenses decreased by approximately S\$0.3 million or 13.7%, from S\$1.7 million in 9M2018 to S\$1.4 million in 9M2019, primarily due to the decrease in foreign currency exchange loss and marketing expenses.

Finance costs

Our finance costs decreased by approximately S\$37,000 or 11.2%, from S\$331,000 in 9M2018 to S\$294,000 in 9M2019. The decrease in finance cost was mainly due to decrease of the term loan average interest rate from 2.93% in 9M2018 to 2.48% in 9M2019.

Net loss for the period

As a result of the foregoing, our net loss narrowed by approximately S\$1.0 million or 26.3%, from S\$3.8 million in 9M2018 to S\$2.8 million in 9M2019.

Review of the Group's Financial Position

Current assets

Our current assets decreased by approximately S\$3.2 million from S\$13.5 million as at 31 December 2018 to S\$10.3 million as at 30 September 2019. The decrease in current assets was mainly due to the decrease in, (i) cash and cash equivalents of approximately S\$3.9 million, primarily due to payment of dividend, repayment of bank loans and finance lease, advance payment made to supplier for the purchase of material and payment for the purchase of treasury shares, (ii) contract assets of approximately S\$0.1 million, and (iii) inventory of approximately S\$0.1 million, which was partially offset by an increase in trade and other receivables of approximately S\$0.9 million.

Non-current assets

Our non-current assets decreased by approximately S\$1.2 million from S\$28.9 million as at 31 December 2018 to S\$27.7 million as at 30 September 2019, primarily due to the depreciation of property, plant and equipment of approximately S\$1.0 million and amortisation of intangible assets of approximately S\$0.2 million.

Current liabilities

Our current liabilities decreased by approximately S\$0.4 million from S\$2.0 million as at 31 December 2018 to S\$1.6 million as at 30 September 2019. The decrease in current liabilities was mainly due to the decrease in trade and other payables.

Non-current liabilities

Our non-current liabilities decrease by approximately S\$0.6 million from S\$15.0 million as at 31 December 2018 to S\$14.4 million as at 30 September 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\$2.6 million in 9M2019, which was a result of operating cash outflow before movements in working capital of approximately S\$1.3 million and interest payment of approximately S\$0.3 million, and an increase in working capital of approximately S\$1.0 million. The increase in working capital was primarily due to the increase in trade and other receivables of approximately S\$0.9 million, decrease in trade and other payables of approximately S\$0.3 million, partially offset by a decrease in the contract assets of approximately S\$0.1 million and inventory of approximately S\$0.1 million.

Net cash used in investing activities

Net cash used in investing activities was approximately S\$6,000 in 9M2019, which was primarily due to an increase in fixed deposits pledged of S\$5,000 and increase in property, plant and equipment of S\$4,000, partially offset by a proceed from disposal of property, plant and equipment of S\$3,000.

Net cash used in financing activities

Net cash used in financing activities was approximately S\$1.3 million in 9M2019, which was primarily due to purchase of treasury shares of approximately S\$0.1 million, dividends payment of S\$0.6 million, and repayment of bank loans and finance lease of approximately S\$0.6 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 a 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(recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the third quarter and nine months ended 30 September 2019. The Group will be retaining its cash for working capital.

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. 1,940,925 warrants have been exercised as at 30 September 2019. The proceeds arising from the exercise of 1,940,925 warrants were approximately S\$485,000. 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.

The expiry date of the warrants is on 14 June 2021.

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 third quarter and nine months ended 30 September 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

12 November 2019