



## 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 Financial Year Ended 31 December 2018

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*Note: Following the early adoption of the new Singapore Financial Reporting Standards International (“SFRS(I)”) on 1 January 2018, in particular SFRS(I) 16 Leases, Starburst Holdings Limited (the “Company”) and together with its subsidiaries, the “Group”) has restated its comparative financial figures. Please refer to section 5 of this announcement for more details on the changes required under the accounting standards.*

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “Exchange”). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group 12 months ended</b>		
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
		(re-stated)	
<b>Revenue</b>	7,151	15,876	(55.0)
Other operating income	177	118	50.0
Project and production costs	(4,313)	(7,731)	(44.2)
Employee benefits expenses	(3,237)	(3,465)	(6.6)
Depreciation expense	(1,494)	(1,649)	(9.4)
Other operating expenses	(2,099)	(2,607)	(19.5)
Finance costs	(412)	(429)	(4.0)
<b>(Loss) Profit before income tax</b>	(4,227)	113	n.m.
Income tax expense	(17)	(7)	142.9
<b>(Loss) Profit for the year</b>	(4,244)	106	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	*	(1)	n.m.
<b>Total comprehensive (loss) income for the year</b>	(4,244)	105	n.m.
<b>(Loss) Profit attributable to owners of the Company</b>	(4,244)	106	n.m.
<b>Total comprehensive (loss) income attributable to owners of the Company</b>	(4,244)	105	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**

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

	<b>Group 12 months ended</b>		
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation expense	1,494	1,649 (re-stated)	(9.4)
Amortisation of prepaid insurance	45	45	n.m.
Interest expenses	412	429	(4.0)
Write-off of property, plant and equipment	-	2	n.m.
Amortisation of intangible assets	300	150	100.0
Allowance for doubtful debts	-	166	n.m.
Writeback of allowance for inventories	-	(507)	n.m.
Gain on disposal of property, plant and equipment	-	(7)	n.m.
Foreign exchange (gains) losses - net	(40)	114	n.m.
Interest income	(33)	(23)	43.5

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 31 Dec 2018	As at 31 Dec 2017	As at 31 Dec 2018	As at 31 Dec 2017
	S\$'000	(re-stated) S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7,966	8,292	242	191
Fixed deposits	-	3,010	-	-
Trade and other receivables	3,252	5,221	1,472	4,089
Contract assets	134	1,561	-	-
Inventories	2,110	2,042	-	-
<b>Total current assets</b>	<b>13,462</b>	<b>20,126</b>	<b>1,714</b>	<b>4,280</b>
<b>Non-current assets</b>				
Fixed deposits pledged	2,815	2,394	-	-
Prepayments	932	977	-	-
Investment in subsidiaries	-	-	36,438	36,438
Amount due from a subsidiary	-	-	643	-
Property, plant and equipment	24,983	26,485	-	-
Intangible assets	150	450	-	-
<b>Total non-current assets</b>	<b>28,880</b>	<b>30,306</b>	<b>37,081</b>	<b>36,438</b>
<b>Total assets</b>	<b>42,342</b>	<b>50,432</b>	<b>38,795</b>	<b>40,718</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans	639	563	-	-
Trade and other payables	1,185	1,662	64	75
Current portion of finance leases	83	106	-	-
Current portion of land lease payable	43	42	-	-
Contract liabilities	-	119	-	-
Income tax payable	19	11	19	11
<b>Total current liabilities</b>	<b>1,969</b>	<b>2,503</b>	<b>83</b>	<b>86</b>
<b>Non-current liabilities</b>				
Bank loans	12,099	12,829	-	-
Finance leases	-	83	-	-
Land lease payable	2,851	2,912	-	-
<b>Total non-current liabilities</b>	<b>14,950</b>	<b>15,824</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	41,028	41,005	41,028	41,005
Treasury shares	(3,513)	(1,658)	(3,513)	(1,658)
Warrant reserve	422	422	422	422
Currency translation reserve	1	1	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	12,923	17,773	775	863
<b>Total equity</b>	<b>25,423</b>	<b>32,105</b>	<b>38,712</b>	<b>40,632</b>
<b>Total liabilities and equity</b>	<b>42,342</b>	<b>50,432</b>	<b>38,795</b>	<b>40,718</b>

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

	<b>Group</b>			
	<b>31 Dec 2018</b>		<b>31 Dec 2017</b>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
Amount repayable in one year or less, or on demand	722	-	669	-
Amount repayable after one year	12,099	-	12,912	-

**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\$83,000 (31 December 2017: S\$189,000) 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 12 months ended	
	31 Dec 2018	31 Dec 2017
	S\$'000	(re-stated) S\$'000
<b>Operating activities</b>		
(Loss) Profit before income tax	(4,227)	113
Adjustments for:		
- Writeback of allowance for inventories	-	(507)
- Depreciation expense	1,494	1,649
- Interest expense	412	429
- Interest income	(33)	(23)
- Write-off of property, plant and equipment	-	2
- Amortisation of prepaid insurance	45	45
- Gain on disposal of property, plant and equipment	-	(7)
- Allowance for doubtful debts	-	166
- Amortisation of intangible assets	300	150
<b>Operating cash flows before movements in working capital</b>	(2,009)	2,017
Trade and other receivables	1,975	4,726
Inventories	(68)	691
Contract assets	1,308	2,118
Trade and other payables	(477)	(1,298)
<b>Cash generated from operations</b>	729	8,254
Income tax paid	(9)	(1)
Interest paid	(412)	(429)
Interest received	27	20
<b>Net cash from operating activities</b>	335	7,844
<b>Investing activities</b>		
Decrease (Increase) in fixed deposits	2,589	(3,327)
Purchase of property, plant and equipment	(10)	(257)
Purchase of intangible asset	-	(600)
Proceeds from disposal of property held for sale	-	6,935
Proceeds from disposal of property, plant and equipment	-	7
<b>Net cash from investing activities</b>	2,579	2,758
<b>Financing activities</b>		
Purchase of treasury shares	(1,855)	(1,658)
Repayment of finance lease	(106)	(101)
Proceeds from exercise of warrants	23	435
Repayment of bank loans	(654)	(607)
Repayment of land lease payable	(42)	(44)
Dividend paid	(606)	(622)
<b>Net cash used in financing activities</b>	(3,240)	(2,597)
<b>Net (decrease)increase in cash and cash equivalents</b>	(326)	8,005
<b>Cash and cash equivalents at beginning of financial year</b>	8,292	288
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	*	(1)
<b>Cash and cash equivalents at end of financial year</b>	7,966	8,292

\* 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.**

<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Warrant reserve</b>	<b>Asset revaluation reserve</b>	<b>Currency translation reserve</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2018</b> (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)
	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>-</b>	<b>1</b>	<b>(25,438)</b>	<b>17,167</b>	<b>29,667</b>
Total comprehensive loss for the year :								
Loss for the year	-	-	-	-	-	-	(4,244)	(4,244)
Other comprehensive income	-	-	-	-	*	-	-	-
<b>Balance at 31 December 2018</b>	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>-</b>	<b>1</b>	<b>(25,438)</b>	<b>12,923</b>	<b>25,423</b>
<b>Balance at 1 January 2017</b> (re-stated)	40,570	-	422	6,042	2	(25,438)	12,247	33,845
Transactions with owners, recognised directly in equity								
Exercise of warrants	435	-	-	-	-	-	-	435
Repurchase of shares	-	(1,658)	-	-	-	-	-	(1,658)
Dividend	-	-	-	-	-	-	(622)	(622)
	<b>41,005</b>	<b>(1,658)</b>	<b>422</b>	<b>6,042</b>	<b>2</b>	<b>(25,438)</b>	<b>11,625</b>	<b>32,000</b>
Total comprehensive income for the year :								
Profit for the year	-	-	-	-	-	-	106	106
Other comprehensive income	-	-	-	-	(1)	-	-	(1)
Transfer on sale of leasehold building	-	-	-	(6,042)	-	-	6,042	-
<b>Balance at 31 December 2017</b> (re-stated)	<b>41,005</b>	<b>(1,658)</b>	<b>422</b>	<b>-</b>	<b>1</b>	<b>(25,438)</b>	<b>17,773</b>	<b>32,105</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (con'd).

<u>Company</u>	<b>Share capital</b>	<b>Treasury shares</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 2018</b>	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 year	-	-	-	518	518
<b>Balance at 31 December 2018</b>	<b>41,028</b>	<b>(3,513)</b>	<b>422</b>	<b>775</b>	<b>38,712</b>
<b>Balance at 1 January 2017</b>	40,570	-	422	1,086	42,078
Transactions with owners, recognised directly in equity					
Exercise of warrants	435	-	-	-	435
Repurchase of shares	-	(1,658)	-	-	(1,658)
Dividend	-	-	-	(622)	(622)
	41,005	(1,658)	422	464	40,233
Total comprehensive income for the year	-	-	-	399	399
<b>Balance at 31 December 2017</b>	<b>41,005</b>	<b>(1,658)</b>	<b>422</b>	<b>863</b>	<b>40,632</b>

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



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

On 15 June 2016, the Company issued 62,500,000 warrants at an issue price of S\$0.01 for each warrant. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.25 for each new share. The exercise price and the number of warrants held by each warrant holder may be adjusted under certain terms and conditions being met. The warrants expire on 14 June 2021.

Details of changes in the Company's share capital during the financial period:

	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Balance as at 1 October	242,521,225	247,297,650
Issue of new shares upon exercising of warrants	-	122,250
Purchase of treasury shares	-	(549,800)
Balance at end of the financial year (excluding treasury shares)	242,521,225	246,870,100

Treasury shares:

	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Total number of treasury shares	9,310,500	4,869,200
Total number of ordinary shares	251,831,725	251,739,300
Percentage of treasury shares over the total number of ordinary shares	3.70%	1.93%

As at 31 December 2018, there were 60,668,275 (as at 31 December 2017: 60,760,700) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles held by the Company as at 31 December 2018 and 31 December 2017.

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

	<b>Number of issued shares</b>	
	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Issued and fully paid ordinary shares</b>		
Balance at beginning of the financial year	251,739,300	250,002,000
Issue of new shares upon exercising of warrants	92,425	1,737,300
Balance at end of the financial year	251,831,725	251,739,300
<b>Treasury Shares</b>		
Balance at beginning of the financial year	(4,869,200)	-
Purchase of treasury shares	(4,441,300)	(4,869,200)
Balance at end of the financial year	(9,310,500)	(4,869,200)
<b>Issued ordinary shares excluding treasury shares</b>	<b>242,521,225</b>	<b>246,870,100</b>

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

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company has no subsidiary holdings.

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

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 year 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 2017 except for those disclosed in section 5 below.

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's financial statements for the financial year ended 31 December 2018 is prepared in accordance with the Singapore Financial Standards (International) ("**SFRS(I)**") issued by the Accounting Standards Council.

The Group has performed an assessment of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's current accounting policies or material adjustment on the initial transition of the new framework except for as follows:

Leasehold building

The Group has elected the transition exemption to measure its leasehold building at fair value and use that fair value as its deemed cost at the date of transition to SFRS(I), 1 January 2017. There are no significant impact to the Group's financial position as at 31 December 2017 and the financial performance for the year ended 31 December 2017 as a result of this election.

Early adoption of SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial year beginning on or after 1 January 2019, with early application permitted if SFRS(I) 16 is adopted. Significant changes to lessee accounting are introduced under SFRS(I) 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In this regard, the Group has recognised the JTC leasehold land and land lease payable of approximately S\$3,262,632 as an asset and a liability respectively in the statement of financial position on 1 January 2017.

The early adoption of SFRS(I) 16 has affected the Group's financial position as at 31 December 2017 and the financial performance for the year ended 31 December 2017 as follows:

<b>Consolidated statement of Financial position</b>	<b>As at 31 December 2017</b>		
	<b>As previously reported</b>	<b>Restatement</b>	<b>As restated</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Property, plant and equipment	23,564	2,921	26,485
Current portion of land lease payable	-	42	42
Land lease payable	-	2,912	2,912
Retained earnings	17,806	(33)	17,773

<b>Consolidated income statement and statement of comprehensive income</b>	<b>12 months ended 31 December 2017</b>		
	<b>As previously reported</b>	<b>Restatement</b>	<b>As restated</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation expense	1,572	77	1,649
Other operating expenses	2,728	(121)	2,607
Finance costs	352	77	429

Except as disclosed above, the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect the current financial year, there were no other changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

**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 12 Months Ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
		(re-stated)
(Loss) Profit attributable to owners of the Company (S\$'000)	(4,244)	106
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	243,777	248,154
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	267,005	264,641
Basic (loss) earnings per ordinary share (cents)	(1.74)	0.04
Diluted (loss) earnings per ordinary share (cents)	(1.59)	0.04

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

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

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
		(re-stated)		
Net asset value ('000)	25,423	32,105	38,712	40,632
Number of ordinary shares excluding treasury shares ('000)	242,521	246,870	242,521	246,870
Net asset value per ordinary share (cents)	10.48	13.00	15.96	16.46

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\$8.7 million or 55.0%, from S\$15.9 million in the financial year ended 31 December 2017 ("FY2017") to S\$7.2 million in the financial year ended 31 December 2018 ("FY2018"). Our revenue in FY2018 was contributed by maintenance works and smaller ad hoc projects from our existing customers in Southeast Asia and the Middle East, whereas in FY2017, our revenue was mainly comprised (i) installation works for a firearm shooting range project in the Middle East, (ii) two small indoor shooting range projects, a security detention facility project and a supply and installation of entry training equipment project in Southeast Asia, and (iii) maintenance works.

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

Our project and production costs decreased by approximately S\$3.4 million or 44.2%, from S\$7.7 million in FY2017 to S\$4.3 million in FY2018. The decline is in line with the decrease in revenue as it is mainly due to the lower material, sub-contractor and overhead costs in FY2018 as fewer projects were undertaken in FY2018 as compared to FY2017.

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

As a result of the foregoing, our gross profit decreased from S\$8.1 million in FY2017 to S\$2.8 million in FY2018. Our gross profit margin decreased from 51.3% in FY2017 to 39.7% in FY2018. The decline in gross profit margin was mainly due to lesser projects which reduced the cost benefits from economies of scale.

#### **Other operating income**

Our other operating income increased by approximately S\$59,000 or 50.0%, from S\$118,000 in FY2017 to S\$177,000 in FY2018. The increase in other operating income was mainly due to the increase in foreign exchange gain and grants received from various government agencies.

#### **Employee benefits expenses**

Our employee benefits expenses decreased by approximately S\$0.3 million or 6.6%, from S\$3.5 million in FY2017 to S\$3.2 million in FY2018. The decrease was primarily due to a reduction in headcount and no salary adjustment for the year.

### **Depreciation expense**

Our depreciation expense decreased by approximately S\$0.1 million or 9.4%, from S\$1.6 million in FY2017 to S\$1.5 million in FY2018, which was mainly due to disposal of asset in FY2017.

### **Other operating expenses**

Our other operating expenses decreased by approximately S\$0.5 million or 19.5%, from S\$2.6 million in FY2017 to S\$2.1 million in FY2018. The decrease in other operating expenses is primarily due to the decrease in allowance for doubtful debts and land rental which is recognised as leasehold land in accordance with SFRS(I) 16 Leases.

### **Finance costs**

Our finance costs remained stable at approximately S\$0.4 million in FY2017 and FY2018.

### **Net loss for the year**

As a result of the foregoing, we recorded a net loss of approximately S\$4.2 million in FY2018.

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

### **Current assets**

Our current assets decreased by approximately S\$6.6 million from S\$20.1 million as at 31 December 2017 to S\$13.5 million as at 31 December 2018. The decrease in current assets was mainly due to the decrease in (i) cash and cash equivalents of approximately S\$0.3 million and fixed deposits of approximately S\$3.0 million, which were primarily due to the purchase of treasury shares of approximately S\$1.9 million and payment of dividend of approximately S\$0.6 million for FY2017, and (ii) trade and other receivables of approximately S\$2.0 million and contract assets of approximately S\$ 1.4 million, which was mainly due to fewer ongoing projects at year end. The decrease was partially offset by an increase in inventory of approximately S\$0.1 million.

### **Non-current assets**

Our non-current assets decreased by approximately S\$1.4 million from S\$30.3 million as at 31 December 2017 to S\$28.9 million as at 31 December 2018. The decrease in non-current assets was primarily due to the decrease of depreciation of property, plant and equipment of approximately S\$1.5 million, and a decrease in intangible assets of approximately S\$0.3 million, partially offset by an increase in fixed deposit pledged of approximately S\$0.4 million.

### **Current liabilities**

Our current liabilities decreased by approximately S\$0.5 million from S\$2.5 million as at 31 December 2017 to S\$2.0 million as at 31 December 2018. The decrease in current liabilities was mainly attributable to lower trade and other payables of approximately S\$0.5 million due to lesser purchases made during the year.

### **Non-current liabilities**

Our non-current liabilities decreased by approximately S\$0.8 million from S\$15.8 million as at 31 December 2017 to S\$15.0 million as at 31 December 2018. The decrease in non-current liabilities was primarily due to the repayment of bank loans and finance leases of approximately S\$0.8 million.

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

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

Net cash from operating activities was approximately S\$0.3 million in FY2018, which was a result of operating cash outflows before movements in working capital of approximately S\$2.0 million, a decrease in working capital of approximately S\$2.7 million and payment of interest of approximately S\$0.4 million. The decrease in working capital was primarily due to the decrease in trade and other receivables of approximately S\$2.0 million and contract assets of approximately S\$1.3 million. This was partially offset by an increase in inventories of approximately S\$0.1 million and a decrease in trade and other payables of approximately S\$0.5 million.

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

Net cash from investing activities was approximately S\$2.6 million in FY2018, which was primarily due to a decrease in fixed deposits.

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

Net cash used in financing activities was approximately S\$3.2 million in FY2018, which was primarily due to purchase of treasury shares of approximately S\$1.9 million, payment of dividend of S\$0.6 million, and repayment of bank loans and finance lease of approximately S\$0.7 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.

In addition, 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 September 2018, Starburst announced that it had entered into a non-binding Memorandum of Understanding with an indirect wholly-owned Singapore subsidiary of a defence specialist company and Beijing CSSCA Technologies Co., Ltd to collaborate on providing live-fire training solutions in China.

The Group is also working with the relevant authorities to expand its portfolio of maintenance service contracts and grow its recurrent revenue base.



Given that a major portion of the Group’s business is project-based, the revenue contribution from projects may vary from quarter to quarter, depending on the size and scope of the projects on hand and their completion schedules. Nonetheless, the Group will continue to focus on ensuring effective cost management of its projects and production costs to achieve sustainable operating performance.

**11. Dividend**

If a decision regarding dividend has been made:

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

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Final dividend
Type of Dividend	Cash
Dividend Amount	0.25 cents per ordinary share
Tax Rate	Tax exempt (one-tier)

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

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

Yes.

Name of Dividend	Final dividend
Type of Dividend	Cash
Dividend Amount	0.25 cents per ordinary share
Tax Rate	Tax exempt (one-tier)

**(c) Date payable**

The date payable for the proposed final dividend will be announced at a later date.

**(d) Books closure date**

The notice on the closure date of the Transfer Books and the Register of Members of the Company for the proposed final dividend will be announced at a later date.

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

Not applicable.

**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. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

**Business segments**

	Group			
	Revenue		Net profit/(loss)	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
				(re-stated)
Firearm shooting ranges	403	4,884	(3)	1,470
Maintenance services and others	6,748	10,992	2,841	6,675
Total	<u>7,151</u>	<u>15,876</u>	<u>2,838</u>	<u>8,145</u>
Other operating income			177	118
Other operating expenses			(6,830)	(7,721)
(Loss) Profit from operations			<u>(3,815)</u>	<u>542</u>
Finance costs			(412)	(429)
(Loss) Profit before income tax			<u>(4,227)</u>	<u>113</u>
Income tax expense			(17)	(7)
(Loss) Profit for the year			<u>(4,244)</u>	<u>106</u>

**Geographical segments**

	Group			
	Revenue		Non-current assets	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Southeast Asia	7,008	13,479	28,878	30,290
Middle East	143	2,397	2	16
Total	<u>7,151</u>	<u>15,876</u>	<u>28,880</u>	<u>30,306</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above.

**17. A breakdown of sales as follows:**

	<b>2018</b> <b>S\$'000</b>	<b>Group</b> <b>2017</b> <b>S\$'000</b> (re-stated)	<b>% increase /</b> <b>(decrease)</b>
(a) Sales reported for first half year	3,063	10,026	(69.4)
(b) Operating (loss) profit after taxation before deducting non-controlling interests reported for the first half year	(2,612)	625	n.m.
(c) Sales reported for second half year	4,088	5,850	(30.1)
(d) Operating loss after taxation before deducting non-controlling interests reported for the second half year	(1,632)	(519)	214.5

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year as follows:**

	<b>2018</b> <b>S\$'000</b>	<b>2017</b> <b>S\$'000</b>
Final dividend **	606	606

\*\* The proposed final dividend to be approved at the Company's forthcoming annual general meeting by the shareholders.

**19. Use of warrants exercise proceeds**

On 15 June 2016, the Company issued 62,500,000 warrants at an exercise price of S\$0.25 for each new share. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company. 1,831,725 warrants have been exercised as at 31 December 2018. The proceeds arising from the exercise of 1,831,725 warrants was approximately S\$458,000. The Company has not utilised the proceeds.

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

The Company confirms that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Edward Lim Chin Wah  
Executive Chairman

25 February 2019