



STARBURST HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 28 October 2013)
(Company Registration No.: 201329079E)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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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STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 30 June 2021

		The Group Six Months Ended				
		30 Jun 2021	30 Jun 2020	Variance		
Note		S\$'000	S\$'000	S\$'000	%	
	Revenue	4	20,492	9,716	10,776	110.9
	Other operating income		137	115	22	19.1
	Project and production costs		(8,139)	(5,260)	2,879	54.7
	Employee benefits expenses		(1,918)	(1,041)	877	84.2
	Depreciation expense		(418)	(567)	(149)	(26.3)
	Other operating expenses		(962)	(676)	286	42.3
	Finance costs		(179)	(176)	3	1.7
	Profit before income tax	6	9,013	2,111	6,902	327.0
	Income tax expense	7	(1,578)	(9)	1,569	n.m.
	Profit for the period		7,435	2,102	5,333	253.7
	Other comprehensive income (net of tax):					
	<u>Items that may be reclassified subsequently to profit or loss:</u>					
	Exchange differences on translation of foreign operation		1	*	n.m.	n.m.
	Total comprehensive income for the period		7,436	2,102	5,334	253.8
	Profit attributable to owners of the Company		7,436	2,102	5,334	253.8
	Total comprehensive income attributable to owners of the Company		7,436	2,102	5,334	253.8

Basic earnings per share (cents) 9 **2.99** 0.86 2.13 247.7

Diluted earnings per share (cents) 9 **2.99** 0.80 2.19 273.8

n.m. denotes not meaningful.

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

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statements of Financial Position
As at 30 June 2021**

	Note	The Group		The Company	
		As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		10,063	9,778	217	156
Trade and other receivables		4,097	6,306	5,607	5,619
Contract assets	11	10,112	6,419	-	-
Inventories		2,739	3,446	-	-
Total current assets		27,011	25,949	5,824	5,775
Non-current assets					
Fixed deposits pledged		2,880	2,861	-	-
Trade and other receivables		2,907	1,794	-	-
Investment in subsidiaries		-	-	36,238	36,238
Property, plant and equipment	12	22,754	22,847	-	-
Deferred tax assets		856	2,426	-	-
Total non-current assets		29,397	29,928	36,238	36,238
Total assets		56,408	55,877	42,062	42,013
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	13	3,218	5,701	-	-
Trade and other payables		2,662	3,202	67	124
Contract liabilities		-	1,002	-	-
Current portion of lease liabilities		45	44	-	-
Income tax payable		15	28	15	28
Total current liabilities		5,940	9,977	82	152
Non-current liabilities					
Bank loans	13	10,705	11,060	-	-
Lease liabilities		2,669	2,705	-	-
Total non-current liabilities		13,374	13,765	-	-
Capital and reserves					
Share capital	14	42,942	42,936	42,942	42,936
Treasury shares	15	(4,244)	(4,244)	(4,244)	(4,244)
Warrant reserve		422	422	422	422
Currency translation reserve		2	1	-	-
Merger reserve		(25,438)	(25,438)	-	-
Retained earnings		23,410	18,458	2,860	2,747
Total equity		37,094	32,135	41,980	41,861
Total liabilities and equity		56,408	55,877	42,062	42,013

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statements of Changes in Equity
Period Ended 30 June 2021**

The Group	Share capital S\$'000	Treasury shares S\$'000	Warrant reserve S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2021							
Transactions with owners, recognised directly in equity	42,936	(4,244)	422	1	(25,438)	18,458	32,135
Exercise of warrants	6	-	-	-	-	-	6
Dividends (Note 8)	-	-	-	-	-	(2,483)	(2,483)
	42,942	(4,244)	422	1	(25,438)	15,975	29,658
Total comprehensive income for the period :							
Profit for the year	-	-	-	-	-	7,435	7,435
Other comprehensive income	-	-	-	1	-	-	1
Balance at 30 June 2021	42,942	(4,244)	422	2	(25,438)	23,410	37,094
Balance at 1 January 2020	41,055	(3,745)	422	2	(25,438)	9,933	22,229
Transactions with owners, recognised directly in equity							
Exercise of warrants	452	-	-	-	-	-	452
Repurchase of shares	-	(141)	-	-	-	-	(141)
	41,507	(3,886)	422	2	(25,438)	9,933	22,540
Total comprehensive income for the period :							
Profit for the year	-	-	-	-	-	2,102	2,102
Other comprehensive income	-	-	-	*	-	-	*
Balance at 30 June 2020	41,507	(3,886)	422	2	(25,438)	12,035	24,642

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Condensed Interim Statements of Changes in Equity Period Ended 30 June 2021

The Company	Share capital	Treasury share	Warrant reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2021	42,936	(4,244)	422	2,747	41,861
Transactions with owners, recognised directly in equity					
Exercise of warrants	6	-	-	-	6
Dividend (Note 8)	-	-	-	(2,483)	(2,483)
	42,942	(4,244)	422	264	39,384
Total comprehensive income for the period	-	-	-	2,596	2,596
Balance at 30 June 2021	42,942	(4,244)	422	2,860	41,980
Balance at 1 January 2020	41,055	(3,745)	422	818	38,550
Transactions with owners, recognised directly in equity					
Exercise of warrants	452	-	-	-	452
Repurchase of shares	-	(141)	-	-	(141)
	41,507	(3,886)	422	818	38,861
Total comprehensive income for the period	-	-	-	134	134
Balance at 30 June 2020	41,507	(3,886)	422	952	38,995

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

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Statement of Cash Flows
Period Ended 30 June 2021**

	The Group Six Months Ended	
	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
Operating activities		
Profit before income tax	9,013	2,111
Adjustments for:		
- Depreciation expense	418	567
- Interest expense	179	176
- Interest income	(4)	(17)
- Amortisation of prepaid insurance	22	23
Operating cash flows before working capital changes	9,628	2,860
Trade and other receivables	1,074	(1,652)
Inventories	707	(526)
Contract assets	(4,695)	(3,533)
Trade and other payables	(540)	181
Cash generated from (used in) operations	6,174	(2,670)
Income tax paid	(21)	-
Interest paid	(179)	(176)
Interest received	4	17
Net cash generated from (used in) operating activities	5,978	(2,829)
Investing activities		
Increase in fixed deposits	(19)	(17)
Purchase of property, plant and equipment	(325)	(32)
Net cash used in investing activities	(344)	(49)
Financing activities		
Repayment of lease liabilities	(35)	(22)
Purchase of treasury shares	-	(141)
Proceeds from exercise of warrants	6	452
Repayment of bank loans	(2,838)	(340)
Dividend paid	(2,483)	-
Net cash used in financing activities	(5,350)	(51)
Net increase (decrease) in cash and cash equivalents	284	(2,929)
Cash and cash equivalents at beginning of financial period	9,778	4,987
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	10,063	2,058

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

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the Condensed Interim Financial Statements 30 June 2021

1. Corporate information

Starburst Holdings Limited (the “**Company**”) (Registration Number 201329079E) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The registered office and its principal place of business of the Company is located at 6 Tuas View Circuit, Singapore 637599. These condensed interim financial statements as at and for the six months ended 30 June 2021 (“**HY2021**”) comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the Group are (i) manufacturing of ordinary accessories, training, protection and containment system; and building construction including major upgrading works; and (ii) provision of security services and installation of fire protection and security alarm systems.

2. Basis of preparation

The condensed interim financial statements for HY2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The condensed interim financial statements are presented in Singapore dollars (“**S\$**”) which is the Company’s functional currency and all values are rounded to the nearest thousand (“**S\$’000**”) as indicated.

2.1 New accounting standards effective on 1 January 2021

The accounting policies adopted and methods of computation are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial period, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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Notes to the Condensed Interim Financial Statements 30 June 2021

2.2 Use of judgements and estimates (continued)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. However, 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.

4. Segment and revenue information

The Group operates in two principal geographical areas - Southeast Asia and Middle East.

The Group is organised into three principal business segments namely the firearm shooting ranges, tactical training mock-ups and maintenance services and others. The firearm shooting ranges business segment pertains to the design, fabrication and installation of firearm shooting ranges for military and law enforcement organisations. This includes the design, fabrication and installation of indoor, outdoor and modular live-firing ranges as well as close quarters battle house and method of entry training facilities.

The tactical training mock-ups business segment pertains to design, fabrication and installation live-firearms and non-live firearm, full sized tactical training mock-ups which simulate specific training scenarios, including rescue and evacuation operations, aviation, maritime and other counter terrorism operations and sniper operations.

The maintenance services and other business segment provide maintenance services for completed firearm shooting ranges and tactical training mock-ups; and design, supply and/or fabricate steel struts and steel beams for temporary or permanent structural and architectural steel works on an ad hoc basis. Additionally, the Group designs, constructs and installs ballistic protection and security systems for various facilities, including high-security detention facilities.

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Notes to the Condensed Interim Financial Statements 30 June 2021

4.1 Analysis by business segments

	<u>Revenue</u>		<u>Gross Profit</u>	
	Six Months Ended 30 June 2021	Six Months Ended 30 June 2020	Six Months Ended 30 June 2021	Six Months Ended 30 June 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Firearms shooting ranges	11,416	3,630	6,288	1,687
Tactical training mock-ups	5,241	2,249	3,597	494
Maintenance services and others	3,835	3,837	2,468	2,275
Total	20,492	9,716	12,353	4,456
Other operating income			137	115
Other operating expenses			(3,298)	(2,284)
Profit from operations			9,192	2,287
Finance costs			(179)	(176)
Profit before income tax			9,013	2,111
Income tax expense			(1,578)	(9)
Profit for the year			7,435	2,102

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in HY2021 and HY2020.

4.2 Analysis by geographical segments

Segment revenue: segment revenue is analysed based on the location of customers regardless of where the goods are produced.

	<u>Revenue</u>	
	As at 30 June 2021	As at 31 December 2020
	S\$'000	S\$'000
Southeast Asia	14,586	8,388
Middle East	5,906	1,327
	20,492	9,716

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Notes to the Condensed Interim Financial Statements 30 June 2021

	<u>Non-current assets</u>	
	As at 30 June 2021 S\$'000	As at 31 December 2020 S\$'000
Southeast Asia	28,536	27,496
Middle East	5	6
	<u>28,541</u>	<u>27,502</u>

Non-current assets presented above are non-current assets as presented in the statements of financial position excluding deferred tax assets.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2021 S\$'000	As at 31 December 2020 S\$'000	As at 30 June 2021 S\$'000	As at 31 December 2020 S\$'000
Financial assets				
Financial assets at amortised costs	<u>16,840</u>	19,125	<u>5,796</u>	5,752
Financial liabilities				
Financial liabilities at amortised cost	16,585	19,963	67	124
Lease liabilities	<u>2,714</u>	2,749	-	-

6. Profit before income tax

The following items have been included in arriving at profit before income tax:

	<u>Group</u>	
	Six Months Ended 30 June 2021 S\$'000	30 June 2020 S\$'000
Depreciation expense	418	567
Amortisation of prepaid insurance	22	23
Interest expenses	179	176
Foreign exchange gain - net	(86)	(56)
Interest income	<u>(4)</u>	<u>(17)</u>

There were no material related party transactions in HY 2021 and HY2020.

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Notes to the Condensed Interim Financial Statements 30 June 2021

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six Months Ended	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
Current income tax expense	8	9
Deferred income tax expense relating to origination and reversal of temporary differences	1,570	-
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	1,578	9

8. Dividends

	Group and Company	
	Six Months Ended	
	30 June	30 June
	2021	2020
<u>Dividends on ordinary shares</u>		
Declared and paid:		
- Final one-tier tax exempt dividend for 2020: S\$0.01 (2019: S\$0.0025) per share (S\$'000)	2,483 ⁽¹⁾	-(²)
Declared but not yet paid:		
- First interim one-tier tax exempt dividend for 2021: S\$0.006 (2020: S\$Nil) per share (S\$'000)	1,490 ⁽³⁾	-
	<hr/>	<hr/>

⁽¹⁾ The proposed final one-tier tax exempt dividend of S\$0.01 per ordinary share amounting approximately \$2,483,000 in respect of the financial year ended 31 December 2020 paid on 14 May 2021.

⁽²⁾ The proposed final one-tier tax exempt dividend of S\$0.0025 per ordinary share amounting approximately \$608,000 in respect of the financial year ended 31 December 2019 paid on 15 July 2020.

⁽³⁾ The proposed first interim one-tier tax exempt dividend of S\$0.006 per ordinary share amounting approximately to \$1,490,000 in respect of the financial period ended 30 June 2021 will be paid on 3 September 2021.

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Notes to the Condensed Interim Financial Statements 30 June 2021

9. Earnings per share

	<u>Group</u> Six Months Ended	
	30 Jun 2021	30 Jun 2020
Profit attributable to owners of the Company (S\$'000)	7,435	2,102
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	248,278	243,173
Basic earnings per ordinary share (cents)	<u>2.99</u>	<u>0.86</u>
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	248,278	262,586
Diluted earnings per ordinary share (cents)	<u>2.99</u>	<u>0.80</u>

10. Net asset value per share

	<u>Group</u>		<u>Company</u>	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value (S\$'000)	37,094	32,135	41,980	41,861
Number of ordinary shares excluding treasury shares ('000)	248,300	248,275	248,300	248,275
Net asset value per ordinary share (cents)	<u>14.94</u>	12.94	<u>16.91</u>	16.86

11. Contract assets and contract liabilities

	<u>Group</u>	
	30 June 2021 S\$'000	31 December 2020 S\$'000
Contract assets		
- Construction contracts	10,112	6,419
Contract liabilities		
- Construction contracts	<u>-</u>	<u>(1,002)</u>

Contract assets

Contract assets relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance – related milestones. The Group will previously have recognised

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a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The changes in contract asset balances are mainly due to projects performed during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current financial period in assessing the loss allowance for the contract assets.

Contract liabilities

Contract liabilities relating to construction services are balances due to customers under construction contracts. These arise when progress billings exceeds the revenue recognised to date under the cost-to-cost method.

The changes in contract liability balances are mainly due to projects performed during the reporting period.

12. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$325,000 (30 June 2020: S\$32,000). There was no disposal of assets during HY2021 and HY2020.

13. Bank loans

	Group	
	30 June	31 December
	2021	2020
	S\$'000	S\$'000
<u>Secured - at amortised cost</u>		
Bank loans	13,923	16,761
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,218)	(5,701)
Amount due for settlement after 12 months	10,705	11,060

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;

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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.

14. Share capital

	Group and Company			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	Number of shares (‘000)		S\$’000	
Issued and fully paid:				
At beginning of period/year	259,464	251,941	42,936	41,055
Exercise of warrants	25	7,523	6	1,881
At end of year period/year	259,489	259,464	42,942	42,936

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends.

The Company’s subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

15. Treasury shares

	Group and Company			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	Number of shares (‘000)		S\$’000	
At beginning of period/year	11,189	9,922	4,244	3,745
Repurchased during the year	-	1,267	-	499
At beginning of period/year	11,189	11,189	4,244	4,244

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2021 and 31 December 2020.

The Company has no subsidiary holdings.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

Other Information Required by Appendix 7C of the Catalist Rules

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For the Six Months Ended 30 June 2021

1. 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 2020, the condensed interim consolidated statement of financial position of the Group as at 30 June 2021 and the related interim consolidated profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months ended 30 June 2021 and selected explanatory notes have not been audited or reviewed by our auditors.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty related to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2020 were unqualified opinion.

2. 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.**

Headquartered in Singapore, 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 and North Africa.

Review of the Group's Performance

Revenue

Our revenue increased by approximately S\$10.8 million or 110.9%, from S\$9.7 million in the half year ended 30 June 2020 ("HY2020") to S\$20.5 million in the half year ended 30 June 2021 ("HY2021"). The increase in revenue was mainly attributable to the commencement of fabrication and installation works for a tactical training mock-up project and commencement of design and fabrication works for a firearm shooting range project in Southeast Asia, and installation works for a firearm shooting range project in the Middle East.

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For the Six Months Ended 30 June 2021

Project and production costs

Our project and production costs increased by approximately S\$2.9 million or 54.7%, from S\$5.2 million in HY2020 to S\$8.1 million in HY2021. The increase in project and production costs was in line with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S\$7.9 million or 177.2%, from S\$4.5 million in HY2020 to S\$12.4 million in HY2021. Our gross profit margin increased from 45.9% in HY2020 to 60.3% in HY2021. The improvement in gross profit margin was mainly due to more projects which improved the cost benefits from economies of scale.

Other operating income

Our other operating income increased by approximately S\$22,000 or 19.1%, from S\$115,000 in HY2020 to S\$137,000 in HY2021. The increase in other operating income was mainly due to the increase in foreign exchange gain.

Employee benefits expenses

Our employee benefits expenses increased by approximately S\$0.9 million or 84.2% from S\$1.0 million in HY2020 to S\$1.9 million in HY2021. The increase in employee benefits expenses was mainly due to the increase in headcount which in line with the increased business activities as well as there were lesser Jobs Support Scheme received from the government in HY2021 as compared to HY2020.

Depreciation expense

Our depreciation expense decreased by approximately S\$0.2 million or 26.3%, from S\$0.6 million in HY2020 to S\$0.4 million in HY2021. The decrease in depreciation expense was mainly due to the increase of fully depreciated assets during the current financial period.

Other operating expenses

Our other operating expenses increased by approximately S\$0.3 million or 42.3%, from S\$0.7 million in HY2020 to S\$1.0 million in HY2021. The increase in other operating expenses was mainly due to the increase in foreign workers' dormitory rental which was borne by government in HY2020.

Income tax expense

Our income tax expense increased by approximately S\$1.6 million from S\$9,000 in HY2020 to S\$1.6 million in HY2021. The increase in income tax expense was mainly due to a better financial performance achieved in HY2021.

Net profit for the period

As a result of the foregoing, we recorded a net profit of approximately S\$7.4 million in HY2021.

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For the Six Months Ended 30 June 2021

Review of the Group's Financial Position

Current assets

Our current assets increased by approximately S\$1.1 million from S\$25.9 million as at 31 December 2020 to S\$27.0 million as at 30 June 2021. The increase in current assets was mainly due to the increase in contract assets of approximately S\$3.7 million, which were mainly attributable to the commencement of a tactical training mock-up project and a firearm shooting range project in Southeast Asia, and a firearm shooting range project in the Middle East and North Africa, and increase in cash and cash equivalents of approximately S\$0.3 million, which partially offset by a decrease in trade and other receivables and inventories of approximately S\$2.2 million and S\$0.7 million respectively.

Non-current assets

Our non-current assets decreased by approximately S\$0.5 million from S\$29.9 million as at 31 December 2020 to S\$29.4 million as at 30 June 2021. The decrease in non-current assets was mainly attributable to the utilisation of deferred tax assets of approximately S\$1.6 million, partially offset by an increase in trade and other receivables of approximately S\$1.1 million.

Current liabilities

Our current liabilities decreased by approximately S\$4.1 million from S\$10.0 million as at 31 December 2020 to S\$5.9 million as at 30 June 2021. The decrease in current liabilities was mainly due to the repayment of the bank loans of approximately S\$2.5 million, decrease in trade and other payables and contract liabilities of approximately S\$0.5 million and S\$1.0 million respectively.

Non-current liabilities

Our non-current liabilities decreased by approximately S\$0.4 million from S\$13.8 million as at 31 December 2020 to S\$13.4 million as at 30 June 2021. The decrease in non-current liabilities was mainly due to the repayment of bank loans and lease liabilities.

Review of the Group's Statement of Cash Flows

Net cash generated from operating activities

Net cash generated from operating activities was approximately S\$6.0 million, which was a result of operating cash inflows before working capital changes of approximately S\$9.6 million, an increase in working capital of approximately S\$3.4 million and payment for tax and interest payment of approximately S\$0.2 million. The increase in working capital was primarily due to the increase in contract assets of approximately S\$4.7 million, which mainly attributable to the works carried out for a tactical training mock-up project and a firearm shooting range project in Southeast Asia, and a firearm shooting range project in the Middle East, and a decrease in trade and other payables of approximately S\$0.5 million. This was partially offset by an increase in trade and other receivables of approximately S\$1.1 million and inventories of approximately S\$0.7 million.

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For the Six Months Ended 30 June 2021

Net cash used in investing activities

Net cash used in investing activities was approximately S\$0.3 million in HY2021, which was primarily due to the purchase of machinery, computer and equipment.

Net cash used in financing activities

Net cash used in financing activities was approximately S\$5.4 million in HY2021, which was primarily due to dividend payment of approximately S\$2.5 million and repayment of bank loans and lease liabilities of approximately S\$2.9 million.

As a result of the above, the Group's cash and cash equivalents has increased from approximately S\$9.8 million as at 31 December 2020 to approximately S\$10.1 million as at 30 June 2021.

3. 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.

4. 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, the Middle East and North Africa. Notwithstanding the competitive market conditions, the Group remains optimistic of its ongoing discussions and is committed to secure more contracts in Southeast Asia, the Middle East and North Africa.

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.

As the COVID-19 situation is still evolving, there is a degree of uncertainty over the length and severity of this pandemic. However, the Group does not expect a material impact on its current operations and performance given the nature of the business as an essential service. The Group is closely monitoring the evolving situation and will continue to provide updates to our stakeholders.

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5. If a decision regarding dividend has been made:

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

Yes, the Board has declared an interim cash dividend in respect of the financial year ending 31 December 2021 as follows:

Name of dividend	Interim dividend
Dividend type	Cash
Dividend rate	\$0.006 per ordinary share

- (b) Corresponding period of the immediately preceding financial year.**

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Tax exempt (one-tier).

- (d) The date the dividend is payable.**

Dividend will be paid on 3 September 2021.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

The Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 23 August 2021 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) interim dividend in respect of the financial year ending 31 December 2021.

- 6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Not applicable.

- 7. 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.

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

For the Six Months Ended 30 June 2021

8. 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).

9. Negative Confirmation pursuant to Rule 705(5) of the Catalist Rules.

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 half year ended 30 June 2021 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

13 August 2021