



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 and Full Year Ended 31 December 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 Six Months Ended and Full Year Ended 31 December 2021

		Group							
		6 months ended				12 months ended			
		31 Dec 2021	31 Dec 2020	Variance		31 Dec 2021	31 Dec 2020	Variance	
Note		S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
	Revenue	20,995	12,056	8,939	74.1	41,487	21,772	19,715	90.6
	Other operating income	93	36	57	158.3	230	151	79	52.3
	Project and production costs	(10,578)	(4,535)	6,043	133.3	(18,717)	(9,795)	8,922	91.1
	Employee benefits expenses	(2,608)	(1,438)	1,170	81.4	(4,526)	(2,479)	2,047	82.6
	Depreciation expense	(408)	(498)	(90)	(18.1)	(826)	(1,065)	(239)	(22.4)
	Other operating expenses	(952)	(843)	109	12.9	(1,914)	(1,519)	395	26.0
	Finance costs	(154)	(155)	(1)	(0.6)	(333)	(331)	2	0.6
	Profit before income tax	6,388	4,623	1,765	38.2	15,401	6,734	8,667	128.7
	Income tax (expense) credit	(1,123)	2,408	n.m.	n.m.	(2,701)	2,399	n.m.	n.m.
	Profit for the period	5,265	7,031	(1,766)	(25.1)	12,700	9,133	3,567	39.1
	Other comprehensive income (net of tax):								
	Items that may be reclassified subsequently to profit or loss:								
	Exchange differences on translation of foreign operation	*	*	n.m.	n.m.	1	(1)	n.m.	n.m.
	Total comprehensive income for the period	5,265	7,031	(1,766)	(25.1)	12,701	9,132	3,568	39.1
	Profit attributable to owners of the Company	5,265	7,031	(1,766)	(25.1)	12,701	9,132	3,568	39.1
	Total comprehensive income attributable to owners of the Company	5,265	7,031	(1,766)	(25.1)	12,701	9,132	3,568	39.1
	Basic earnings per share (cents)	2.12	2.85	(0.73)	(25.6)	5.12	3.73	1.38	37.0
	Diluted earnings per share (cents)	2.12	2.75	(0.63)	(22.9)	5.12	3.48	1.63	46.8

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 31 December 2021

	Note	Group		Company	
		As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		5,286	9,778	260	156
Trade and other receivables		6,085	6,306	5,598	5,619
Contract assets	11	19,737	6,419	-	-
Inventories		1,843	3,446	-	-
Total current assets		32,951	25,949	5,858	5,775
Non-current assets					
Fixed deposits pledged		2,880	2,861	-	-
Trade and other receivables		1,631	1,794	-	-
Investment in subsidiaries		-	-	36,238	36,238
Property, plant and equipment	12	22,408	22,847	-	-
Deferred tax assets		-	2,426	-	-
Total non-current assets		26,919	29,928	36,238	36,238
Total assets		59,870	55,877	42,096	42,013
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	13	713	5,701	-	-
Trade and other payables		4,983	3,202	85	124
Contract liabilities	11	-	1,002	-	-
Current portion of lease liabilities		45	44	-	-
Income tax payable		267	28	8	28
Total current liabilities		6,008	9,977	93	152
Non-current liabilities					
Bank loans	13	10,347	11,060	-	-
Lease liabilities		2,646	2,705	-	-
Total non-current liabilities		12,993	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
Currency translation reserve		2	1	-	-
Merger reserve		(25,438)	(25,438)	-	-
Retained earnings		27,607	18,458	3,305	2,747
Total equity		40,869	32,135	42,003	41,861
Total liabilities and equity		59,870	55,877	42,096	42,013

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed Interim Statements of Changes in Equity Financial Year Ended 31 December 2021

<u>Group</u>	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	-	-	-	-	-	(3,973)	(3,973)
	42,942	(4,244)	422	1	(25,438)	14,485	28,168
Total comprehensive income for the year :							
Profit for the year	-	-	-	-	-	12,700	12,700
Other comprehensive income	-	-	-	1	-	-	1
Expiry of warrants	-	-	(422)	-	-	422	-
Balance at 31 December 2021	42,942	(4,244)	-	2	(25,438)	27,607	40,869
Balance at 1 January 2020	41,055	(3,745)	422	2	(25,438)	9,933	22,229
Transactions with owners, recognised directly in equity							
Repurchase of shares	-	(499)	-	-	-	-	(499)
Exercise of warrants	1,881	-	-	-	-	-	1,881
Dividends	-	-	-	-	-	(608)	(608)
	42,936	(4,244)	422	2	(25,438)	9,325	23,003
Total comprehensive income for the year :							
Profit for the year	-	-	-	-	-	9,133	9,133
Other comprehensive loss	-	-	-	(1)	-	-	(1)
Balance at 31 December 2020	42,936	(4,244)	422	1	(25,438)	18,458	32,135

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statements of Changes in Equity
Financial Year Ended 31 December 2021**

<u>Company</u>	Share capital S\$'000	Treasury shares S\$'000	Warrant reserve S\$'000	Retained earnings S\$'000	Total equity 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	-	-	-	(3,973)	(3,973)
	42,942	(4,244)	422	(1,226)	37,984
Total comprehensive income for the year :					
Profit for the year	-	-	-	4,109	4,109
Expiry of warrants	-	-	(422)	422	-
Balance at 31 December 2021	42,942	(4,244)	-	3,305	42,003
Balance at 1 January 2020	41,055	(3,745)	422	818	38,550
Transactions with owners, recognised directly in equity					
Repurchase of shares	-	(499)	-	-	(499)
Exercise of warrants	1,881	-	-	-	1,881
Dividend	-	-	-	(608)	(608)
	42,936	(4,244)	422	210	39,324
Total comprehensive income for the year	-	-	-	2,537	2,537
Balance at 31 December 2020	42,936	(4,244)	422	2,747	41,861

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Statements of Cash Flows
Financial Year Ended 31 December 2021**

	Group 12 months ended	
	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
Operating activities		
Profit before income tax	15,401	6,734
Adjustments for:		
- Allowance for doubtful debts	-	7
- Depreciation expense	826	1,065
- Interest expense	333	331
- Interest income	(4)	(32)
- Amortisation of prepaid insurance	45	45
Operating cash flows before working capital changes	16,601	8,150
Trade and other receivables	324	(4,185)
Inventories	1,603	(1,494)
Contract assets	(13,318)	(5,444)
Trade and other payables	1,781	2,010
Contract liabilities	(1,002)	1,002
Cash generated from operations	5,989	39
Income tax paid	(36)	(22)
Interest paid	(333)	(331)
Interest received	19	32
Net cash generated from (used in) operating activities	5,639	(282)
Investing activities		
Increase in fixed deposits	(19)	(32)
Purchase of property, plant and equipment	(401)	(284)
Net cash used in investing activities	(420)	(316)
Financing activities		
Proceeds from bank loan	-	5,000
Repayment of lease liabilities	(44)	(44)
Purchase of treasury shares	-	(499)
Proceeds from exercise of warrants	6	1,881
Repayment of bank loans	(5,701)	(340)
Dividend paid	(3,973)	(608)
Net cash (used in) from financing activities	(9,712)	5,390
Net (decrease) increase in cash and cash equivalents	(4,493)	4,792
Cash and cash equivalents at beginning of financial year	9,778	4,987
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1	(1)
Cash and cash equivalents at end of financial year	5,286	9,778

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

Notes to the condensed interim consolidated financial statements 31 December 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.

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 consolidated financial statements for the six months ended and financial year ended 31 December 2021 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 consolidated 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 consolidated 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.

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 financial 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.

4.1 Analysis by business segments

	<u>Revenue</u>		<u>Net Profit</u>	
	6 months ended		6 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Firearms shooting ranges	14,268	3,933	6,360	1,924
Tactical training mock-ups	3,148	4,311	1,902	2,887
Maintenance services and others	3,579	3,812	2,155	2,710
Total	20,995	12,056	10,417	7,521
Other operating income			93	36
Other operating expenses			(3,968)	(2,779)
Profit from operations			6,542	4,778
Finance costs			(154)	(155)
Profit before income tax			6,388	4,623
Income tax (expense) credit			(1,123)	2,408
Profit for the period			5,265	7,031

	<u>Revenue</u>		<u>Net Profit</u>	
	12 months ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Firearms shooting ranges	25,684	7,563	12,648	3,611
Tactical training mock-ups	8,390	6,560	5,499	3,381
Maintenance services and others	7,413	7,649	4,623	4,985
Total	41,487	21,772	22,770	11,977
Other operating income			230	151
Other operating expenses			(7,266)	(5,063)
Profit from operations			15,734	7,065
Finance costs			(333)	(331)
Profit before income tax			15,401	6,734
Income tax (expense) credit			(2,701)	2,399
Profit for the year			12,700	9,133

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in FY2021 and FY2020.

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.

Segment assets: segment assets (non-current assets) are analysed based on the location of those assets.

	<u>Revenue</u>		<u>Revenue</u>	
	6 months ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Southeast Asia	19,007	10,958	33,750	19,346
Middle East	1,988	1,098	7,737	2,426
Total	20,995	12,056	41,487	21,772

	<u>Non-current assets</u>	
	As at	As at
	31 Dec	31 Dec
	2021	2020
	S\$'000	S\$'000
Southeast Asia	26,912	27,496
Middle East	7	6
Total	26,919	27,502

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

4.3 Breakdown of sales:

	<u>Group</u>		% increase/ (decrease)
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	
(a) Sales reported for first half year	20,492	9,716	110.9
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	7,435	2,102	253.7
(c) Sales reported for second half year	20,995	12,056	74.1
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	5,265	7,031	(25.1)

5. Financial assets and financial liabilities

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

	<u>Group</u>		<u>Company</u>	
	As at 31 Dec 2021 S\$'000	As at 31 Dec 2020 S\$'000	As at 31 Dec 2021 S\$'000	As at 31 Dec 2020 S\$'000
Financial assets				
Financial assets at amortised costs	13,567	19,125	5,858	5,752
Financial liabilities				
Financial liabilities at amortised cost	16,043	19,963	85	124
Lease liabilities	2,691	2,749	-	-

6. Profit before income tax

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

	<u>Group</u>			
	6 months ended 31 Dec 2021 S\$'000	6 months ended 31 Dec 2020 S\$'000	12 months ended 31 Dec 2021 S\$'000	12 months ended 31 Dec 2020 S\$'000
Depreciation expense	408	498	826	1,065
Amortisation of prepaid insurance	23	22	45	45
Interest expenses	154	155	333	331
Foreign exchange (gain) loss - net	(1)	137	(87)	81
Interest income	-	(15)	(4)	(32)
Allowance for doubtful debts	-	7	-	7

There were no material related party transactions in FY2021 and FY2020.

7. Income tax expense

The Group calculates the period income tax expense for the six months ended and full year ended 31 December 2021 and 31 December 2020 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:

	<u>Group</u>			
	6 months ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense	(267)	(12)	(275)	(21)
Under provision of current tax in prior year	-	(6)	-	(6)
Deferred income tax (expense) credit relating to origination and reversal of temporary differences	(856)	2,426	(2,426)	2,426
Income tax (expense) credit recognised in profit or loss	(1,123)	2,408	(2,701)	2,399

8. Dividends

	<u>Group and Company</u>	
	31 Dec	31 Dec
<u>Ordinary dividends</u>	2021	2020
- Final one-tier tax exempt dividend for 2020: S\$0.01 (2019: S\$0.0025) per share (S\$'000)	2,483 ⁽¹⁾	608 ⁽²⁾
- First interim one-tier tax exempt dividend for 2021: S\$0.006 (2020: S\$Nil) per share (S\$'000)	1,490 ⁽³⁾	-

⁽¹⁾ The final one-tier tax exempt dividend of S\$0.01 per ordinary share amounting approximately \$2,483,000 in respect of the 12 months ended 31 December 2020 paid on 14 May 2021.

⁽²⁾ The final one-tier tax exempt dividend of S\$0.0025 per ordinary share amounting approximately \$608,000 in respect of the 12 months ended 31 December 2019 paid on 15 July 2020.

⁽³⁾ The 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 31 December 2021 paid on 3 September 2021.

9. Earnings per share

	<u>Group</u>			
	6 months ended		12 months ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Profit attributable to owners of the Company (S\$'000)	5,265	7,031	12,700	9,133
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	248,300	246,973	248,289	245,083
Basic earnings per ordinary share (cents)	<u>2.12</u>	2.85	<u>5.12</u>	<u>3.73</u>
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	248,300	255,387	248,289	262,586
Diluted earnings per ordinary share (cents)	<u>2.12</u>	2.75	<u>5.12</u>	<u>3.48</u>

10. Net asset value per share

	<u>Group</u>		<u>Company</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value (S\$'000)	40,869	32,135	42,003	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>16.46</u>	12.94	<u>16.92</u>	<u>16.86</u>

11. Contract assets and contract liabilities

	<u>Group</u>	
	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
Contract assets		
- Construction contracts	19,737	6,419
Contract liabilities		
- Construction contracts	-	(1,002)

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 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 financial year ended 31 December 2021, the Group acquired assets amounting to S\$401,000 (FY2020: S\$284,000). There was no disposal of assets during FY2021 and FY2020.

13. Bank loans

	<u>Group</u>	
	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
<u>Secured - at amortised cost</u>		
Bank loans	11,060	16,761
Less: Amount due for settlement within 12 months (shown under current liabilities)	(713)	(5,701)
Amount due for settlement after 12 months	10,347	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;
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

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

15. Treasury shares

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

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

The Company has no subsidiary holdings.

16. Subsequent events

On 24 January 2022, the Group received a voluntary conditional offer by Phillip Securities, for and on behalf of Nordic Flow Control Pte. Ltd. (the “**Offeror**”), to acquire all the issued and paid-up ordinary shares (the “**Shares**”) (excluding any Shares held in treasury) in the capital of Starburst Holdings Limited (the “**Company**”).

As at 6.00 p.m. (Singapore time) on 21 February 2022, based on information available to the Offeror, the Offeror has received valid acceptances in respect of an aggregate of 215,454,024 Shares, representing approximately 86.77% of the total number of issued Shares of the Company (excluding 11,189,500 Shares held in treasury).

Other Information Required by Appendix 7C of the Catalist Rules

STARBURST HOLDINGS LIMITED AND ITS SUBSIDIARIES

For the Six Months and Full Year Ended 31 December 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 statements of financial position as at 31 December 2021, the condensed interim consolidated profit or loss and other comprehensive income for the six months ended and full year ended 31 December 2021, condensed interim statements of changes in equity, condensed interim consolidated statement of cash flows for the financial year ended 31 December 2021 and selected explanatory notes to the condensed interim consolidated financial statements have not been audited or reviewed by our auditors.

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

Not applicable.

2A. 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 has an unqualified opinion.

3. 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 2020.

4. 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 year beginning on 1 January 2021.

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.

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5. 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\$19.7 million or 90.6%, from S\$21.8 million in the financial year ended 31 December 2020 ("FY2020") to S\$41.5 million in the financial year ended 31 December 2021 ("FY2021").

Our revenue increased by approximately S\$8.9 million or 74.1% from S\$12.1 million in the six months ended 31 December 2020 ("2H2020") to S\$21.0 million in the six months ended 31 December 2021 ("2H2021").

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.

Project and production costs

Our project and production costs increased by approximately S\$8.9 million or 91.1%, from S\$9.8 million in FY2020 to S\$18.7 million in FY2021.

Our project and production costs has increased by S\$6.0 million or 133.3% from S\$4.5 million in 2H2020 to S\$10.6 million in 2H2021.

The increase in project and production costs is 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\$10.8 million or 90.1%, from S\$12.0 million in FY2020 to S\$22.8 million in FY2021. Our gross profit margin remained consistent at approximately 55% in FY2020 and FY2021.

The gross profit has increased by S\$2.9 million or 38.5% from S\$7.5 million in 2H2020 to S\$10.4 million in 2H2021.

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Other operating income

Our other operating income increased by approximately S\$79,000 or 52.3%, from S\$151,000 in FY2020 to S\$230,000 in FY2021.

Our other operating income has increased by approximately S\$57,000 or 158.3% from S\$36,000 in 2H2020 to S\$93,000 in 2H2021.

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\$2.0 million or 82.6% from S\$2.5 million in FY2020 to S\$4.5 million in FY2021.

Our employee benefits expenses increased by approximately S\$1.2 million or 81.4% from S\$1.4 million in 2H2020 to S\$2.6 million in 2H2021.

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 less Jobs Support Scheme received from government in year 2021 as compared to year 2020.

Depreciation expense

Our depreciation expense decreased by approximately S\$0.2 million or 22.4%, from S\$1.0 million in FY2020 to S\$0.8 million in FY2021.

Our depreciation expense decreased by approximately S\$90,000 or 18.1%, from S\$498,000 in 2H2020 to S\$408,000 in 2H2021.

The decrease in depreciation expense was mainly due to the increase of fully depreciated assets.

Other operating expenses

Our other operating expenses for FY2021 increased by approximately S\$395,000 or 26.0%, from S\$1.5 million in FY2020 to S\$1.9 million in FY2021.

Our other operating expenses for 2H2021 increased by approximately S\$109,000 or 12.9%, from S\$843,000 in 2H2020 to S\$952,000 in 2H2021.

The increase in other operating expenses was mainly due to the the increase in business activities and increase in foreign workers' dormitory rental which was previously borne by the Singapore government in year 2020.

Income tax expense

Our income tax expense increased by approximately S\$5.1 million to S\$2.7 million in FY2021. The increase in income tax expense was mainly due to a better financial performance achieved in FY2021.

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Net profit for the year

As a result of the foregoing, we recorded a net profit of approximately S\$12.7 million in FY2021 and S\$5.3 million in 2H2021.

Review of the Group's Financial Position

Current assets

Our current assets increased by approximately S\$7.0 million from S\$25.9 million as at 31 December 2020 to S\$32.9 million as at 31 December 2021. The increase in current assets was mainly due to the increase in contract assets of approximately S\$13.3 million which was mainly attributable to the commencements of work for a tactical training mock-up project and a firearm shooting range project in Southeast Asia and the Middle East, partially offset by a decrease in cash and cash equivalent, inventories and trade and other receivables of approximately S\$4.5 million, S\$1.6 million and S\$0.2 million respectively.

Non-current assets

Our non-current assets decreased by approximately S\$3.0 million from S\$29.9 million as at 31 December 2020 to S\$26.9 million as at 31 December 2021. The decrease in non-current assets was primarily attributable to utilisation of deferred tax assets of S\$2.4 million and decrease in our property, plant and equipment of approximately S\$0.4 million.

Current liabilities

Our current liabilities decreased by approximately S\$4.0 million from S\$10.0 million as at 31 December 2020 to S\$6.0 million as at 31 December 2021. The decrease in current liabilities was mainly due to the repayment of the bank loans of approximately S\$5.0 million and decrease in contract liabilities of approximately S\$1.0 million.

Non-current liabilities

Our non-current liabilities slightly decreased by S\$772,000, 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 was approximately S\$5.6 million, which was a result of operating cash inflows before working capital changes of approximately S\$16.6 million, movement in working capital of approximately S\$10.6 million and payment for tax and interest payment of approximately S\$0.4 million. The decrease in working capital was primarily due to the increase in contract assets of approximately S\$13.3 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, decrease in contract liabilities of approximately S\$1 million, and increase in trade and other payables of approximately S\$1.8 million. This was partially offset by a decrease in trade and other receivables of approximately S\$0.3 million and a decrease inventories of approximately S\$1.6 million.

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Net cash used in investing activities

Net cash used in investing activities was approximately S\$0.4 million in FY2021, 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\$9.7 million in FY2021, which was primarily due to dividend paid of approximately S\$4.0 million and repayment of bank loans and lease liabilities of approximately S\$5.7 million.

Consequent to the above, the Group's cash and cash equivalents has decreased from S\$9.8 million as at 31 December 2020 to S\$5.3 million as at 31 December 2021.

6. 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.

7. 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.

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The Group is closely monitoring the evolving situation and will continue to provide updates to our stakeholders.

8. If a decision regarding dividend has been made:

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

No

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

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.01 per ordinary share

(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).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(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.

Not applicable.

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

Save as the interim dividend declared, no dividend has been declared or recommended for the financial year ended 31 December 2021. The Group will be retaining its cash for working capital and business expansion in future.

10. 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.

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11. **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).

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

Refer to Note 5 above.

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

(a) Ordinary

	Group and Company	
	31 Dec 2021	31 Dec 2020
- First interim one-tier tax exempt dividend for 2021: S\$0.006 (2020: S\$Nil) per share	1,489,800	-
- Final one-tier tax exempt dividend for 2021: S\$Nil (2020 S\$0.01) per share	-	2,482,746
	1,489,800	2,482,746

(b) Preference

Not applicable.

14. **Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalyst Rules**

Not applicable.

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- 15. 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

28 February 2022