



## **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 Half Year Ended 30 June 2020**

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*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.*

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

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

	<b>The Group Six Months Ended</b>			
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>Variance</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	9,716	3,517	6,199	176.3
Other operating income	115	45	70	155.6
Project and production costs	(5,260)	(2,100)	3,160	150.5
Employee benefits expenses	(1,041)	(1,589)	(548)	(34.5)
Depreciation expense	(567)	(708)	(141)	(19.9)
Other operating expenses	(676)	(1,037)	(361)	(34.8)
Finance costs	(176)	(196)	(20)	(10.2)
<b>Profit (Loss) before income tax</b>	2,111	(2,068)	4,179	n.m.
Income tax expense	(9)	(11)	(2)	(18.2)
<b>Profit (Loss) for the period</b>	2,102	(2,079)	4,181	n.m.
<b>Other comprehensive income (loss) (net of tax):</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Exchange differences on translation of foreign operation	*	1	*	n.m.
<b>Total comprehensive income (loss) for the period</b>	2,102	(2,078)	4,180	n.m.
<b>Profit (Loss) attributable to owners of the Company</b>	2,102	(2,079)	4,181	n.m.
<b>Total comprehensive income (loss) attributable to owners of the Company</b>	2,102	(2,078)	4,180	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

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

	<b>The Group</b>			
	<b>Six Months Ended</b>			
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>Variance</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation expense	567	708	(141)	(19.9)
Amortisation of prepaid insurance	23	23	-	-
Interest expenses	176	196	(20)	(10.2)
Amortisation of intangible assets	-	150	n.m.	n.m.
Foreign exchange (gains) losses - net	(56)	7	n.m.	n.m.
Interest income	(17)	(10)	7	70.0

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.

	The Group		The Company	
	As at 30 Jun 2020	As at 31 Dec 2019	As at 30 Jun 2020	As at 31 Dec 2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,058	4,987	153	67
Trade and other receivables	4,732	3,080	2,529	2,142
Contract assets	4,508	975	-	-
Inventories	2,478	1,952	-	-
<b>Total current assets</b>	<b>13,776</b>	<b>10,994</b>	<b>2,682</b>	<b>2,209</b>
<b>Non-current assets</b>				
Fixed deposits pledged	2,846	2,829	-	-
Prepayments	864	887	-	-
Investment in subsidiaries	-	-	36,438	36,438
Property, plant and equipment	23,150	23,685	-	-
<b>Total non-current assets</b>	<b>26,860</b>	<b>27,401</b>	<b>36,438</b>	<b>36,438</b>
<b>Total assets</b>	<b>40,636</b>	<b>38,395</b>	<b>39,120</b>	<b>38,647</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans	344	655	-	-
Trade and other payables	1,373	1,192	94	75
Current portion of lease liabilities	45	44	-	-
Income tax payable	31	22	31	22
<b>Total current liabilities</b>	<b>1,793</b>	<b>1,913</b>	<b>125</b>	<b>97</b>
<b>Non-current liabilities</b>				
Bank loans	11,417	11,446	-	-
Lease liabilities	2,784	2,807	-	-
<b>Total non-current liabilities</b>	<b>14,201</b>	<b>14,253</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	41,507	41,055	41,507	41,055
Treasury shares	(3,886)	(3,745)	(3,886)	(3,745)
Warrant reserve	422	422	422	422
Currency translation reserve	2	2	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	12,035	9,933	952	818
<b>Total equity</b>	<b>24,642</b>	<b>22,229</b>	<b>38,995</b>	<b>38,550</b>
<b>Total liabilities and equity</b>	<b>40,636</b>	<b>38,395</b>	<b>39,120</b>	<b>38,647</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>The Group</b>			
	<b>30 Jun 2020</b>		<b>31 Dec 2019</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	344	-	655	-
Amount repayable after one year	11,417	-	11,446	-

**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.

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.

	<b>The Group Six Months Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit (Loss) before income tax	2,111	(2,068)
Adjustments for:		
- Depreciation expense	567	708
- Interest expense	176	196
- Interest income	(17)	(10)
- Amortisation of prepaid insurance	23	23
- Amortisation of intangible assets	-	150
<b>Operating cash flows before working capital changes</b>	<b>2,860</b>	<b>(1,001)</b>
Trade and other receivables	(1,652)	(876)
Inventories	(526)	52
Contract assets	(3,533)	156
Trade and other payables	181	(534)
<b>Cash used in operations</b>	<b>(2,670)</b>	<b>(2,203)</b>
Income tax paid	-	-
Interest paid	(176)	(196)
Interest received	17	5
<b>Net cash used in operating activities</b>	<b>(2,829)</b>	<b>(2,394)</b>
<b>Investing activities</b>		
Increase in fixed deposits	(17)	(5)
Purchase of property, plant and equipment	(32)	(3)
<b>Net cash used in investing activities</b>	<b>(49)</b>	<b>(8)</b>
<b>Financing activities</b>		
Repayment of lease liabilities	(22)	(69)
Purchase of treasury shares	(141)	(89)
Proceeds from exercise of warrants	452	2
Repayment of bank loans	(340)	(318)
Dividend paid	-	(606)
<b>Net cash used in financing activities</b>	<b>(51)</b>	<b>(1,080)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,929)</b>	<b>(3,482)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>4,987</b>	<b>7,966</b>
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 period</b>	<b>2,058</b>	<b>4,485</b>

\* 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>The Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Warrant reserve</b>	<b>Currency translation reserve</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 January 2020</b>	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)
Dividend	-	-	-	-	-	-	-
	<b>41,507</b>	<b>(3,886)</b>	<b>422</b>	<b>2</b>	<b>(25,438)</b>	<b>9,933</b>	<b>22,540</b>
Total comprehensive income for the period						2,102	2,102
<b>Balance at 30 June 2020</b>	<b>41,507</b>	<b>(3,886)</b>	<b>422</b>	<b>2</b>	<b>(25,438)</b>	<b>12,035</b>	<b>24,642</b>
<b>Balance at 1 January 2019</b>	41,028	(3,513)	422	1	(25,438)	12,923	25,423
Transactions with owners, recognised directly in equity							
Exercise of warrants	2	-	-	-	-	-	2
Repurchase of shares	-	(89)	-	-	-	-	(89)
Dividend	-	-	-	-	-	(606)	(606)
	<b>41,030</b>	<b>(3,602)</b>	<b>422</b>	<b>1</b>	<b>(25,438)</b>	<b>12,317</b>	<b>24,730</b>
Total comprehensive loss for the period :							
Loss for the period	-	-	-	-	-	(2,079)	(2,079)
Other comprehensive income	-	-	-	1	-	-	1
<b>Balance at 30 June 2019</b>	<b>41,030</b>	<b>(3,602)</b>	<b>422</b>	<b>2</b>	<b>(25,438)</b>	<b>10,238</b>	<b>22,652</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>The Company</u>	<b>Share capital</b>	<b>Treasury share</b>	<b>Warrant reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 January 2020</b>	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)
Dividend	-	-	-	-	-
	<b>41,507</b>	<b>(3,886)</b>	<b>422</b>	<b>818</b>	<b>38,861</b>
Total comprehensive income for the period	-	-	-	134	134
<b>Balance at 30 June 2020</b>	<b>41,507</b>	<b>(3,886)</b>	<b>422</b>	<b>952</b>	<b>38,995</b>
<b>Balance at 1 January 2019</b>	41,028	(3,513)	422	775	38,712
Transactions with owners, recognised directly in equity					
Exercise of warrants	2	-	-	-	2
Repurchase of shares	-	(89)	-	-	(89)
Dividend	-	-	-	(606)	(606)
	<b>41,030</b>	<b>(3,602)</b>	<b>422</b>	<b>169</b>	<b>38,019</b>
Total comprehensive income for the period	-	-	-	154	154
<b>Balance at 30 June 2019</b>	<b>41,030</b>	<b>(3,602)</b>	<b>422</b>	<b>323</b>	<b>38,173</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, subdivision, consolidation, 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>Six Months Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
Balance as at 1 January	242,018,525	242,521,225
Issue of new shares upon exercising of warrants	1,807,500	10,000
Purchase of treasury shares	(395,900)	(230,300)
Balance as at 30 June (excluding treasury shares)	243,430,125	242,300,925

Treasury shares:

	<b>Six Months Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
Total number of treasury shares	10,318,300	9,540,800
Total number of ordinary shares	253,748,425	251,841,725
Percentage of treasury shares over the total number of ordinary shares	4.07%	3.79%

As at 30 June 2020, there were 58,751,575 (as at 30 June 2019: 60,658,275) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles and subsidiary holdings as at 30 June 2020 and 30 June 2019.

**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 30 Jun 2020</b>	<b>As at 31 Dec 2019</b>
<b>Issued and fully paid ordinary shares</b>		
Balance at beginning of the financial period	251,940,925	251,831,725
Issue of new shares upon exercising of warrants	1,807,500	109,200
Balance at end of the financial period	253,748,425	251,940,925
<b>Treasury Shares</b>		
Balance at beginning of the financial period	(9,922,400)	(9,310,500)
Purchase of treasury shares	(395,900)	(611,900)
Balance at end of the financial period	(10,318,300)	(9,922,400)
<b>Issued ordinary shares excluding treasury shares</b>	<b>243,430,125</b>	<b>242,018,525</b>

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

Not applicable. The Company has no subsidiary holdings.

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

Except for the comparative financial statements as at 31 December 2019, 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 modification or emphasis of a matter).**

Not applicable.

**3A. 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 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The financial information for the current financial period reported on have been prepared using the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all new and revised Singapore Financial Standards (International) ("**SFRS(I)**") issued by the Accounting Standards Council that are relevant to the Group and effective for financial period beginning on 1 January 2020.

The adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s does not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements of the Group for the current reporting period or the prior year's reporting period.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<b>The Group Six Months Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
Profit (Loss) attributable to owners of the Company (S\$'000)	2,102	(2,079)
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	243,173	242,374
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	262,586	264,350
Basic profit (loss) per ordinary share (cents)	0.86	(0.86)
Diluted profit (loss) per ordinary share (cents)	0.80	(0.79)

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.

	The Group		The Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value (S\$'000)	24,642	22,229	38,995	38,550
Number of ordinary shares excluding treasury shares ('000)	243,430	242,019	243,430	242,019
Net asset value per ordinary share (cents)	10.12	9.18	16.02	15.93

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.

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.

### **Review of the Group's Performance**

#### **Revenue**

Our revenue increased by approximately S\$6.2 million or 176.3%, from S\$3.5 million in the half year ended 30 June 2019 ("HY2019") to S\$9.7 million in the half year ended 30 June 2020 ("HY2020"). The increase in revenue was mainly derived from 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.

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

Our project and production costs increased by approximately S\$3.2 million or 150.5%, from S\$2.1 million in HY2019 to S\$5.3 million in HY2020. 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\$3.0 million or 214.5%, from S\$1.4 million in HY2019 to S\$4.4 million in HY2020. Our gross profit margin increased from 40.3% in HY2019 to 45.9% in HY2020.

### **Other operating income**

Our other operating income increased by approximately S\$70,000 or 155.6%, from S\$45,000 in HY2019 to S\$115,000 in HY2020. The increase in other operating income was mainly due to the increase in foreign exchange gain and interest income.

### **Employee benefits expenses**

Our employee benefits expenses decreased by approximately S\$0.5 million or 34.5% from S\$1.5 million in HY2019 to S\$1.0 million in HY2020. The decrease in employee benefits expenses was mainly due to the Jobs Support Scheme received from government as announced under the Stabilisation and Support Package at Budget 2020.

### **Depreciation expense**

Our depreciation expense decreased by approximately S\$141,000 or 19.9%, from S\$708,000 in HY2019 to S\$567,000 in HY2020. The decrease in depreciation expense was mainly due to the increase of fully depreciated assets.

### **Other operating expenses**

Our other operating expenses decreased by approximately S\$0.4 million or 34.8%, from S\$1.0 million in HY2019 to S\$0.6 million in HY2020. The decrease in other operating expenses was primarily due to the decrease in foreign workers' dormitory rental, professional fees and the absence of amortisation of intangible assets in the current financial period as the intangible assets were fully amortised in 2019.

### **Finance costs**

Our finance costs decreased by approximately S\$20,000 or 10.2%, from S\$196,000 in HY2019 to S\$176,000 in HY2020. The decrease in finance costs was mainly due to the decrease in interest payment of hire purchase.

### **Net profit for the period**

As a result of the foregoing, we recorded a net profit of approximately S\$2.1 million in HY2020.

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

### **Current assets**

Our current assets increased by approximately S\$2.8 million from S\$11.0 million as at 31 December 2019 to S\$13.8 million as at 30 June 2020. The increase in current assets was mainly due to the increase in contract assets of approximately S\$3.5 million, trade and other receivables of approximately S\$1.7 million and inventory of approximately S\$0.5 million, which are 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, partially offset by a decrease in cash on hand and at bank of approximately S\$2.9 million.

### **Non-current assets**

Our non-current assets decreased by approximately S\$0.5 million from S\$27.4 million as at 31 December 2019 to S\$26.9 million as at 30 June 2020. The decrease in non-current assets was primarily due to the depreciation charge for the period.

### **Current liabilities**

Our current liabilities decreased by approximately S\$0.1 million from S\$1.9 million as at 31 December 2019 to S\$1.8 million as at 30 June 2020. The decrease in current liabilities was mainly due to the decrease in bank loans of approximately S\$0.3 million, partially offset by an increase in trade and other payables of approximately S\$0.2 million.

### **Non-current liabilities**

Our non-current liabilities decreased by approximately S\$0.1 million was primarily due to the repayment of bank loans and lease liabilities.

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

### **Net cash used in operating activities**

Net cash used in operating activities was approximately S\$2.8 million in HY2020, which was a result of operating cash inflows before movements in working capital of approximately S\$2.9 million, an increase in working capital of approximately S\$5.5 million and interest payment of approximately S\$0.2 million. The increase in working capital was primarily due to the increase in trade and other receivables of approximately S\$1.7 million, contract assets of approximately S\$3.5 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 inventory of approximately S\$0.5 million. This was partially offset by a decrease in trade and other payables of approximately S\$0.2 million.

### **Net cash used in investing activities**

Net cash used in investing activities was approximately S\$49,000 in HY2020, which was primarily due to an increase in pledged fixed deposits of approximately S\$17,000 and purchase of property, plant and equipment of approximately S\$32,000.

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

Net cash used in financing activities was approximately S\$51,000 in HY2020, which was primarily due to purchase of treasury shares of approximately S\$141,000 and repayment of bank loans and lease liabilities of approximately S\$362,000. This was partially offset by the proceeds from the exercise of warrants of approximately S\$452,000.

Consequent to the above, the Group's cash and cash equivalents has decreased from S\$5.0 million as at 31 December 2019 to S\$2.1 million as at 30 June 2020.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable as there was no forecast or any prospect statement previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group continues to pursue opportunities to design and engineer customised training solutions for existing and potential customers as law enforcement related customers respond to the threat of terrorism and extremism. The Group is also actively responding to enquiries and requests for tenders from authorities in Southeast Asia and the Middle East. Notwithstanding the competitive market conditions, the Group remains optimistic of its ongoing discussions and is committed to secure more contracts in both Southeast Asia and the Middle East.

The Group is working to strengthen its partnerships with defence contractors, equipment suppliers and consultants to participate with them either in joint tenders, or collaboration for successful tenders. In addition, the Group is also working with the relevant authorities to expand its portfolio of maintenance service contracts and grow its recurrent revenue base.

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

As the COVID-19 situation is still evolving, there is a degree of uncertainty over the length and severity of this pandemic. Temporary operational issues faced by the Group, includes restriction put in place on our migrant workers that reside in dormitories as they are subjected to government's ongoing safety measures. As such, we have temporarily redeployed our local and Malaysia workforce to carry out the ongoing works. As of this announcement, there have not been any cases of our workers being infected by COVID-19.

The Group does not expect a material impact on its current operations and performance given the nature of the business as an essential service. We are closely monitoring the evolving situation and will continue to provide updates to our stakeholders.

**11. Dividend**

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

Any dividend declared for the current financial period reported on? No.

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the second quarter and half year ended 30 June 2020. The Group will be retaining its cash for working capital.

**13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transactions.

**14. 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. 3,748,425 warrants have been exercised as at 30 June 2020. The proceeds arising from the exercise of 3,748,425 warrants was approximately S\$937,000. 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.

**15. 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).

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

On behalf of the Board of Directors of the Company, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board

Edward Lim Chin Wah  
Executive Chairman

Yap Tin Foo  
Managing Director

**BY ORDER OF THE BOARD**

Edward Lim Chin Wah  
Executive Chairman

12 August 2020