



STARBURST HOLDINGS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

For the Third Quarter and Nine Months Ended 30 September 2017

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

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

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

	Group					
	Three Months Ended			Nine Months Ended		
	30 Sep 2017	30 Sep 2016	Change	30 Sep 2017	30 Sep 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,099	3,472	18.1	14,125	18,243	(22.6)
Other operating income	23	20	15.0	89	113	(21.2)
Project and production costs	(1,516)	(6,624)	(77.1)	(6,955)	(20,151)	(65.5)
Employee benefit expenses	(881)	(850)	3.6	(2,695)	(2,646)	1.9
Depreciation expense	(398)	(449)	(11.4)	(1,190)	(1,269)	(6.2)
Other operating expenses	(546)	(466)	17.2	(1,806)	(1,896)	(4.7)
Finance costs	(112)	(93)	20.4	(250)	(224)	11.6
Profit (loss) before income tax	669	(4,990)	n.m.	1,318	(7,830)	n.m.
Income tax benefit/(expenses)	7	(738)	n.m.	(1)	(9)	(88.9)
Profit (loss) for the period	676	(5,728)	n.m.	1,317	(7,839)	n.m.
Other comprehensive income (net of tax) :						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Exchange difference on translation of foreign operation	*	*	n.m.	*	*	n.m.
Total comprehensive income (loss) for the period	676	(5,728)	n.m.	1,317	(7,839)	n.m.
Profit (loss) attributable to owners of the Company	676	(5,728)	n.m.	1,317	(7,839)	n.m.
Total comprehensive income (loss) attributable to owners of the Company	676	(5,728)	n.m.	1,317	(7,839)	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:

	Group					
	Three Months Ended			Nine Months Ended		
	30 Sep 2017	30 Sep 2016	Change	30 Sep 2017	30 Sep 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	398	449	(11.4)	1,190	1,269	(6.2)
Allowance for inventories	-	870	n.m.	-	870	n.m.
Gain on disposal of property, plant and equipment	-	-	-	(7)	(35)	(80.0)
Amortisation of prepaid insurance	11	11	0.0	34	34	0.0
Interest expenses	112	93	20.4	250	224	11.6
Foreign exchange losses/(gains)-net	17	(41)	n.m.	139	139	0.0
Interest income	(8)	(3)	166.7	(17)	(12)	41.7

n.m. denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash on hand and at bank	7,951	787	303	68
Fixed deposits	3,000	-	-	-
Trade and other receivables	6,109	10,110	3,850	5,854
Contract work-in-progress	2,297	3,761	-	-
Inventories	2,014	2,226	-	-
Property held for sale	-	6,935	-	-
Total current assets	21,371	23,819	4,153	5,922
Non-current assets				
Fixed deposits pledged	2,081	2,077	-	-
Prepayments	988	1,022	-	-
Property, plant and equipment	23,873	24,841	-	-
Intangible asset	600	-	-	-
Investment in subsidiaries	-	-	36,438	36,238
Total non-current assets	27,542	27,940	36,438	36,238
Total assets	48,913	51,759	40,591	42,160
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and loans	569	1,120	-	-
Trade and other payables	1,581	2,960	51	77
Current portion of finance leases	106	86	-	-
Contract work-in-progress	60	201	-	-
Income tax payable	5	5	5	5
Total current liabilities	2,321	4,372	56	82
Non-current liabilities				
Bank loans	12,975	13,378	-	-
Finance leases	109	164	-	-
Total non-current liabilities	13,084	13,542	-	-
Capital and reserves				
Share capital	40,974	40,570	40,974	40,570
Treasury shares	(1,436)	-	(1,436)	-
Warrant reserve	422	422	422	422
Asset revaluation reserve	-	6,042	-	-
Currency translation reserve	2	2	-	-
Merger reserve	(25,438)	(25,438)	-	-
Retained earnings	18,984	12,247	575	1,086
Total equity	33,508	33,845	40,535	42,078
Total liabilities and equity	48,913	51,759	40,591	42,160

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.

	30 Sep 2017		31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	675	-	1,206	-
Amount repayable after one year	13,084	-	13,542	-

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;
- 2) Fixed deposits of not less than S\$2.1 million;
- 3) A first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policy taken out on the life of the executive directors for a minimum sum insured of US\$1.0 million each; and
- 4) A corporate guarantee from the Company.

Finance leases of S\$215,000 (31 Dec 2016: S\$250,000) are secured by the lessor's title on the leased assets.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit (loss) before income tax	669	(4,990)	1,318	(7,830)
Adjustments for:				
- Gain on disposal of property, plant and equipment	-	-	(7)	(35)
- Allowance for inventories	-	870	-	870
- Depreciation expense	398	449	1,190	1,269
- Interest expense	112	93	250	224
- Interest income	(8)	(3)	(17)	(12)
- Amortisation of prepaid insurance	11	11	34	34
Operating cash flows before movements in working capital	1,182	(3,570)	2,768	(5,480)
Trade and other receivables	(329)	(237)	4,011	(2,359)
Contract work-in-progress	346	3,841	1,323	(278)
Inventories	112	(25)	212	856
Trade and other payables	(209)	(1,584)	(1,379)	270
Cash generated from (used in) operations	1,102	(1,575)	6,935	(6,991)
Income tax paid	(1)	(1)	(1)	(5)
Interest paid	(112)	(93)	(250)	(224)
Interest received	3	13	7	15
Net cash from (used in) operations activities	992	(1,656)	6,691	(7,205)
Investing activities				
Decrease (Increase) in fixed deposits	3000	(14)	(4)	(306)
Proceeds from disposal of property, plant and equipment	-	-	7	35
Proceeds from disposal of property held for sale	-	-	6,935	-
Purchase of intangible asset	-	-	(600)	-
Purchase of property, plant and equipment	(89)	(28)	(182)	(980)
Net cash from (used in) investing activities	2,911	(42)	6,156	(1,251)
Financing activities				
Proceeds from conversion to shares by warrant holders	384	*	404	*
Purchase of treasury shares	(1,128)	-	(1,436)	-
Repayment of finance lease	(27)	(22)	(75)	(65)
Proceeds from rights issue of warrant, net of transaction costs	-	(53)	-	422
Repayment of bank loans	(142)	(162)	(455)	(483)
Dividend paid	-	-	(622)	(2,500)
Net cash used in financing activities	(913)	(237)	(2,184)	(2,626)
Net increase (decrease) in cash and cash equivalents	2,990	(1,935)	10,663	(11,082)
Cash and cash equivalents at beginning of financial period	7,961	(771)	288	8,376
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	*	*	*	*
Cash and cash equivalents at end of financial period	10,951	(2,706)	10,951	(2,706)

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

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (con'd).

Note A: Cash and cash equivalents

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash on hand and at bank	7,951	593	7,951	593
Fixed deposits	5,081	4,542	5,081	4,542
Bank overdraft	-	(3,299)	-	(3,299)
	13,032	1,836	13,032	1,836
Less: fixed deposits pledged	(2,081)	(4,542)	(2,081)	(4,542)
Cash and cash equivalents	10,951	(2,706)	10,951	(2,706)

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

Group	Share capital	Treasury shares	Warrant reserve	Asset revaluation reserve	Currency translation reserve	Merger reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	\$'000	\$'000	S\$'000	S\$'000
Balance at 1 January 2017	40,570	-	422	6,042	2	(25,438)	12,247	33,845
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	-	(1,436)	-	-	-	-	-	(1,436)
Conversion to shares by warrant holders	404	-	-	-	-	-	-	404
Dividend	-	-	-	-	-	-	(622)	(622)
	40,974	(1,436)	422	6,042	2	(25,438)	11,625	32,191
Total comprehensive income for the period :								
Profit for the period	-	-	-	-	-	-	1,317	1,317
Other comprehensive income	-	-	-	-	*	-	-	*
Transfer on sale of property	-	-	-	(6,042)	-	-	6,042	-
Balance at 30 September 2017	40,974	(1,436)	422	-	2	(25,438)	18,984	33,508
Balance at 1 January 2016	40,570	-	-	5,218	1	(25,438)	26,462	46,813
Transactions with owners, recognised directly in equity								
Issue of warrants pursuant to the rights issue	-	-	625	-	-	-	-	625
Warrant issue expenses	-	-	(203)	-	-	-	-	(203)
Conversion to shares by warrant holders	*	-	-	-	-	-	-	*
Dividend	-	-	-	-	-	-	(2,500)	(2,500)
	40,570	-	422	5,218	1	(25,438)	23,962	44,735
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(7,839)	(7,839)
Other comprehensive income	-	-	-	-	*	-	-	*
Balance at 30 September 2016	40,570	-	422	5,218	1	(25,438)	16,123	36,896

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

<u>Company</u>	<u>Share capital</u>	<u>Treasury Share</u>	<u>Warrant reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	40,570	-	422	1,086	42,078
Transactions with owners, recognised directly in equity					
Conversion to shares by warrant holders	404	-	-	-	404
Dividend	-	-	-	(622)	(622)
Purchase of treasury shares	-	(1,436)	-	-	(1,436)
	40,974	(1,436)	422	464	40,424
Total comprehensive income for the period	-	-	-	111	111
Balance at 30 September 2017	40,974	(1,436)	422	575	40,535
Balance at 1 January 2016	40,570	-	-	2,863	43,433
Transactions with owners, recognised directly in equity					
Issue of warrants pursuant to the rights issue	-	-	625	-	625
Warrant issue expenses	-	-	(203)	-	(203)
Conversion to shares by warrant holders	*	-	-	-	*
Dividend	-	-	-	(2,500)	(2,500)
	40,570	-	422	363	41,355
Total comprehensive income for the period	-	-	-	54	54
Balance at 30 September 2016	40,570	-	422	417	41,409

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

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

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

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

	Three Months Ended	
	30 Sep 2017	30 Sep 2016
Balance as at 30 June	248,747,125	250,000,000
Issue of new shares upon exercising of warrants	1,537,325	2,000
Purchase of treasury shares	(2,986,800)	-
Balance as at 30 September (excluding treasury shares)	247,297,650	250,002,000

Treasury shares:

	Three Months Ended	
	30 Sep 2017	30 Sep 2016
Total number of treasury shares	4,319,400	-
Total number of ordinary shares	251,617,050	250,002,000
Percentage of treasury shares over the total number of ordinary shares	1.72%	-

As at 30 September 2017, there were 60,882,950 (as at 30 September 2016: 62,498,000) outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles held by the Company as at 30 September 2017 and 30 September 2016.

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

	Number of issued shares	
	As at 30 Sep 2017	As at 31 Dec 2016
Issued and fully paid ordinary shares		
Balance at beginning of the financial period	250,002,000	250,000,000
Issue of new shares upon exercising of warrants	1,615,050	2,000
Balance at end of the financial period	251,617,050	250,002,000
Treasury Shares		
Balance at beginning of the financial period	-	-
Purchase of treasury shares	(4,319,400)	-
Balance at end of the financial period	(4,319,400)	-
Issued ordinary shares excluding treasury shares	247,297,650	250,002,000

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, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company has no subsidiary holdings.

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

Except for the comparative statement of financial position of the Group as at 31 December 2016, the financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The financial information for the current financial period reported on have been prepared using the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2016.

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 Financial Reporting Standards (“**FRS**”) and Interpretations of FRS (“**INT FRS**”) that are relevant to the Group and effective for financial period beginning on 1 January 2017.

The adoption of these new/revised FRS and INT FRS does not result in any substantial change to the Group’s accounting policies and has no material impact on the financial statements of the Group for the current reporting period or the prior year’s reporting period.

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

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

	Group			
	Three Months Ended		Nine Months Ended	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
Profit/(loss) attributable to owners of the Company (S\$’000)	676	(5,728)	1,317	(7,839)
Weighted average number of ordinary Shares excluding treasury shares for computing basic EPS(‘000)	247,452	250,002	248,500	250,001
Weighted average number of ordinary Shares excluding treasury shares for computing diluted EPS(‘000)	260,015	252,632	261,063	251,024
Basic earnings (loss) per ordinary share (cents)	0.27	(2.29)	0.53	(3.14)
Diluted earnings (loss) per ordinary share (cents)	0.26	(2.27)	0.50	(3.12)

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

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

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Net asset value per ordinary share (cents)	13.55	13.54	16.39	16.83
Number of ordinary shares (‘000)	247,298	250,002	247,298	250,002

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group specialises in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups used by military and law enforcement authorities in Southeast Asia and the Middle East.

Review of the Group's Performance

Revenue

Our revenue decreased by approximately S\$4.1 million or 22.6%, from S\$18.2 million in the nine months ended 30 September 2016 ("9M2016") to S\$14.1 million in the nine months ended 30 September 2017 ("9M2017"). Our revenue in 9M2017 was mainly contributed by additional works undertaken for a firearm shooting range project in the Middle East, two small indoor shooting range projects, a security detention facility project and a supply and installation of entry training equipment project in Southeast Asia. By comparison, our projects in 9M2016 comprised primarily of fabrication and installation work phases of Marina One architectural steel project at Marina Way in Singapore ("**Marina One Project**"), and design and fabrication work phases for three firearm shooting range projects in the Middle East.

Project and production costs

Our project and production costs decreased by approximately S\$13.2 million or 65.5%, from S\$20.2 million in 9M2016 to S\$7.0 million in 9M2017. The decline was in line with the decrease in revenue and lower sub-contractor and overhead cost in 9M2017. There was also a provision of foreseeable loss of S\$2.0 million for the Marina One Project in 9M2016.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased from a loss of S\$1.9 million in 9M2016 to a profit of S\$7.2 million in 9M2017. Our gross profit margin improved from negative 10.4% in 9M2016 to positive 50.8% in 9M2017.

Other operating income

Our other operating income decreased by approximately S\$24,000 or 21.2%, from S\$113,000 in 9M2016 to S\$89,000 in 9M2017. The decrease was mainly due to a lower gain on disposal of property, plant and equipment in 9M2017.

Employee benefit expenses

Our employee benefits expenses remained stable at approximately S\$2.6 million in 9M2016 and 9M2017.

Depreciation expenses

Our depreciation expenses remained stable at approximately S\$1.2 million in 9M2016 and 9M2017.

Other operating expenses

Our other operating expenses decreased by approximately S\$0.1 million or 4.7%, from S\$1.9 million in 9M2016 to S\$1.8 million in 9M2017, primarily attributable to the decrease in land rent and property tax due to the disposal of a leasehold property at 6 Tuas West Street in March 2017.

Finance costs

Our finance costs increased by approximately S\$26,000 or 11.6% from S\$224,000 in 9M2016 to S\$250,000 in 9M2017 mainly due to the increase in bank loan interest rate.

Income tax expenses

Our income tax expenses decreased by approximately S\$8,000 or 88.9%, from S\$9,000 in 9M2016 to S\$1,000 in 9M2017.

Net profit for the period

As a result of the foregoing, we recorded a net profit of S\$1.3 million in 9M2017.

Review of the Group's Financial Position

Current assets

Our current assets decreased by approximately S\$2.4 million from S\$23.8 million as at 31 December 2016 to S\$21.4 million as at 30 September 2017. The decrease in current assets was mainly due to the decrease in property held for sale of approximately S\$6.9 million when the disposal was completed in March 2017, trade and other receivables of approximately S\$4.0 million, contract work-in-progress of approximately S\$1.4 million and inventories of approximately S\$0.2 million, which was partially offset by an increase in cash on hand and at bank of approximately S\$7.1 million mainly attributed from the disposal of the property held for sale and fixed deposits of approximately S\$3.0 million.

Non-current assets

Our non-current assets decreased by approximately S\$0.4 million from S\$27.9 million as at 31 December 2016 to S\$27.5 million as at 30 September 2017. The decrease in non-current assets was mainly due to a decrease in property, plant and equipment of approximately S\$1.0 million, which was partially offset by an increase in intangible asset of S\$0.6 million due to the purchase of an intangible asset from a third party.

Current liabilities

Our current liabilities decreased by approximately S\$2.1 million from S\$4.4 million as at 31 December 2016 to S\$2.3 million as at 30 September 2017. The decrease in current liabilities was mainly attributable to the decrease in bank overdrafts and loans of approximately S\$0.6 million due to the repayment during the period, trade and other payables of approximately S\$1.4 million due to lesser purchases made during the period and contract work-in-progress of approximately S\$0.1 million.

Non-current liabilities

Our non-current liabilities decreased by approximately S\$0.4 million from S\$13.5 million as at 31 December 2016 to S\$13.1 million as at 30 September 2017. The decrease in non-current liabilities is mainly due to the repayment of term loan during the period.

Review of the Group's Statement of Cash Flows

Net cash generated from operating activities

Net cash generated from operating activities was approximately S\$6.7 million in 9M2017, which was a result of operating cash inflows before movements in working capital of approximately S\$2.8 million, a decrease in working capital of approximately S\$4.2 million and payment of interest of approximately S\$0.3 million. The decrease in working capital was primarily due to the decrease in trade and other receivables of approximately S\$4.0 million, contract work-in-progress of approximately S\$1.3 million and inventories of approximately S\$0.2 million and partially offset by an increase in trade and other payables of approximately S\$1.3 million.

Net cash from investing activities

Net cash from investing activities was approximately S\$6.2 million in 9M2017, which was primarily due to proceeds from disposal of property held for sale of approximately S\$6.9 million and partially offset by the purchase of intangible asset of approximately S\$0.6 million from a third party and purchase of property, plant and equipment of approximately S\$0.1 million.

Net cash used in financing activities

Net cash used in financing activities was approximately S\$2.1 million in 9M2017, which was primarily due to dividends payment of S\$0.6 million, repayment of bank loans and finance lease of approximately S\$0.5 million and purchase of treasury shares of approximately S\$1.4 million and partially offset by the proceeds from warrant conversion to shares by warrant holders of approximately S\$0.4 million.

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

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

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

The Group continues to pursue opportunities to design and engineer customised security training solutions for existing and potential customers as these law enforcement related customers respond to the threat of terrorism and extremism. The Group is also actively responding to these enquiries and requests for tenders from authorities in Southeast Asia and the Middle East. In this regard, the Group had announced on 26 October 2017 that it had been awarded a contract totalling approximately S\$6.6 million to undertake ballistic

protection works for a firearm training facility in the Middle East. Notwithstanding competitive market conditions, the Group remains optimistic of its ongoing discussions and is committed to deliver more projects to its customers in both Southeast Asia and the Middle East.

Capitalising on the Starburst brand name in the defense industry in Southeast Asia and the Middle East, the Group continues to evaluate suitable business opportunities for acquisition so as to offer its customers a wider range of security related services.

With a major portion of the Group's business being project based, the revenue contribution from the Group's project based business may vary from quarter to quarter, depending on the size and scope of the projects on hand and their completion schedules. At the same time, the Group will continue to focus on managing our project and production costs more effectively to ensure sustainable operating performance.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the third quarter and nine months ended 30 September 2017.

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

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

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that undertakings have been procured from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

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

On behalf of the Board of Directors of the Company, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the third quarter and nine months ended 30 September 2017 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

7 November 2017