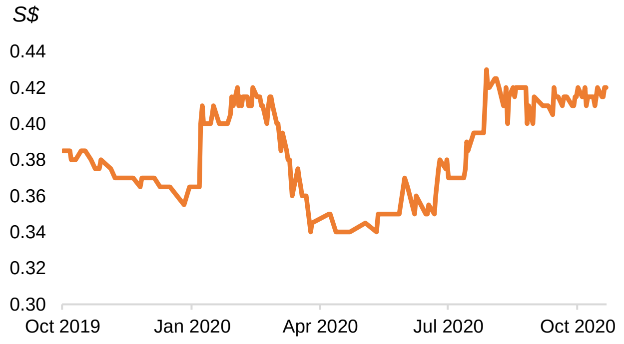
SAC CAPITAL

Starburst Holdings Limited

Date: 30 October 2020

Non-Rated

Starburst Holdings Limited (40D.SI)
Price: S$0.420 (as at 29 October 2020)



Share price	1M	3M	6M	1Y
Starburst Holdings	+1.2%	+6.3%	+23.5%	+10.5%
Catalist Index	+4.9%	+5.1%	+39.6%	+11.8%

Market Capitalisation	S$104.3 million
Current Price	S$0.420
Shares Outstanding	248.4 million
Free Float	30.3 %
Major Shareholder	Lim Chin Wah 35.81% Yap Tin Foo 33.86%
Recommendation of other brokers	N/A

Source: Company data, Bloomberg, SAC Capital

Analyst
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Homegrown defense star playing attack

Starburst Holdings Limited specialises in the design and engineering of firearms-training facilities, with a track record of close to 20 years. Starburst is in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. They are one of the few companies with the track record and experience that meet the requirements of government bodies in Southeast Asia and the Middle East.

Returned to profitability in 1HFY20 with recently secured contracts. The defense sector remains defensive amidst the dull economic outlook. The Group returned to profitability in 1HFY20, with a net profit of S$2.1 million. The increase in revenue was mainly derived from two new projects in Southeast Asia, including a tactical training mock-up project and a firearm shooting range project. The Group's better management of project and production costs saw 5.6% improvement YoY in gross margin to 45.9% in 1HFY20. On top of that, management has committed to growing maintenance business to provide a stream of recurring income. Maintenance services revenue grew 19.6% YoY in FY2019.

Leveraging on the increasing trend of global military spending. According to IISS, global military spending in 2019 increased by 4% YoY, the highest YoY growth over 10 years. Military spending is expected to continue growing at CAGR of about 3% from 2019 – 2023 to reach US$2.1 trillion. In the ASEAN region, total defense spending has doubled over the last 15 years. Similarly in the Middle East, ongoing geopolitical tensions and violence remains rampant with increased terrorist activity and intensification of conflicts. While tensions drive defense spending and potentially higher demand for training facilities, political instability may cause project delays which raise operating costs.

Key risks: Near term contract expiry, negative cash retention, political instability in key markets.

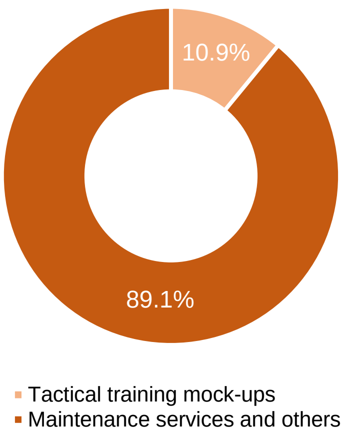
Key Financials

Year ended 31 December	FY2016	FY2017	FY2018	FY2019	1HFY20
Revenue (S$'000)	18,301	15,876	7,151	9,244	9,716
% Growth	14.8%	-13.3%	-55.0%	29.3%	5.1%
Profit/(loss) before tax (S$'000)	(10,714)	146	(4,227)	(2,362)	2,111
Profit/(loss) before tax margin	-58.5%	0.9%	-59.1%	-25.6%	21.7%
Profit/(loss) attributable to owners (S$'000)	(11,715)	139	(4,244)	(2,384)	2,102
Basic EPS (Singapore cents)	(4.69)	0.06	(1.74)	(0.98)	0.86
Diluted EPS (Singapore cents)	(4.69)	0.05	(1.59)	(0.91)*	0.80*
P/E (x)	(8.9)	749.6	(24.6)	(43.7)	49.6
P/B (x)	3.1	3.2	4.1	4.7	4.2
Net Debt/Equity (%)	40.5%	6.5%	18.8%	32.0%	39.4%

** Calculated based on diluted weighted average shares. As at 30 June 2020, there were 58.75m outstanding warrants. More information in Financial Summary. Singapore Financial Reporting Standards (International) ("**SFRS(I)**") SFRS 16 has been implemented by Starburst in FY2018. While SFRS(I) 16 Leases only came into effect for the financial year beginning on or after January 1, 2019, the Group had decided to undergo an early adoption.*

Investment Highlights

FY2019 Revenue



Source: Company Data, SAC Capital

Firearms-training facilities did not contribute to the revenue in FY19, but contributed 44.4% and 3.8% to revenue in FY17 and FY18 respectively.

Business Overview:

Starburst Holdings Limited is a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities. It is in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia and the Middle East. The Group operates in three segments: Firearm Shooting Ranges, Tactical Training Mock-ups and Maintenance Services and Other Activities.

A key provider of integrated firearms-training solutions

Starburst's integrated business segments consist of firearms training facilities, tactical training mockups and maintenance services. The Group manages the entire project process, from the design, supply, delivery and installation of firearms-training solutions, all the way to maintenance services, thereby allowing them to have oversight of quality control processes and safety procedures, increasing overall efficiency.

Starburst's revenue can be split into two kinds: project basis and recurring basis. Firearm shooting range and tactical training mock-ups make up project-based revenue, as they depend on number of ongoing contracts. Maintenance and other services make up recurring revenue. The project-based nature of their business would mean that cash flows and earnings can fluctuate year-on-year, depending on the work progress of their ongoing projects.

The Group recognises revenue based on the percentage-of-completion method, which means that revenue is recognised on progressive completion of the contract. According to the Management, a typical project comprises of 3 phases, and revenue is recognised as follows:

Returned to profitability in 1HFY20

The increase in revenue was mainly derived from two new projects in Southeast Asia. The first is a tactical training mockup project and the second, a firearm shooting range project. 1HFY20 revenue also included a previous firearm shooting range project in the Middle East.

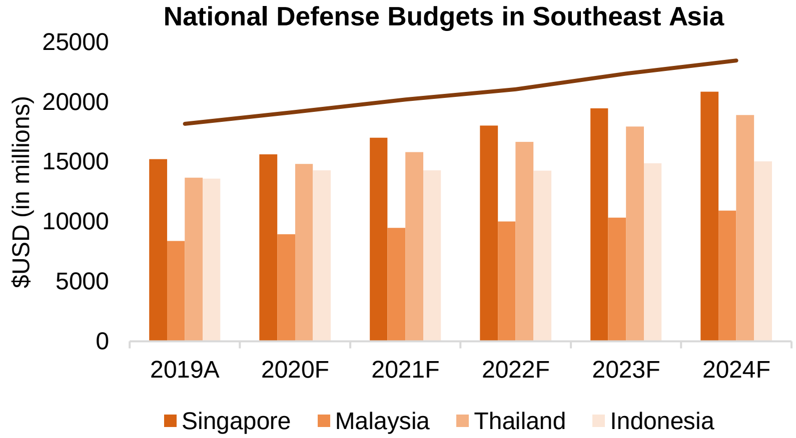
The first contract that Starburst secured this year, worth S$40.9 million, involves the design, supply, delivery and installation of a firearms training facility in Southeast Asia. Work has commenced and is scheduled to complete by February 2022. The second contract of S$13.1 million involves upgrading a tactical training mock-up facility in Southeast Asia, which commence in July 2020 and is scheduled to be completed by July 2021.

The Group's gross margins increased from 40.3% in 1HFY19 to 45.9% in 1HFY20. This is due to effective cost management measures adopted by the Group, which remain as one of their priorities.

Investment Highlights

Increasing trends in military expenditure

Starburst seeks to capture growing opportunities in Southeast Asia and the Middle East to further solidify its position in the region's defense sector. The Group has been actively responding to the growing demand for military equipment by designing and engineering customised training solutions. Growth drivers of defense spending in Southeast Asia include modernisation programs to include more dynamic training, protection against attacks on sea-ports, airports and government buildings, and overall higher investment in critical infrastructures.



Source: Market Line

Political instability, specifically in countries like Thailand, Malaysia and Indonesia may, however, bring about adverse impact and uncertainties if the political turmoil and protests persist for a prolonged period.

Although Southeast Asia remains the bulk of the revenue driver, Starburst recognises that threat of terrorism makes Middle East an opportune market to tap into. The Middle Eastern region shows a strong link to the total regional government expenditure. According to SIPRI, out of the top ten defense spending nations per capita in 2019, four are in the Middle East. This is due to the fall in peacefulness over the past decade which was caused by the increased terrorist activity and the intensification of conflicts from ongoing geopolitical tensions. Middle East's current and future defense expenditure can be expected to expand at a robust pace amid elevated threats.

Covid-19 impact

As Starburst operates under the ambit of an essential service, Management does not expect a material impact on operations, save for some temporary operational issues. These issues include restrictions put in place on their migrant workers that reside in dormitories as they are subjected to government's ongoing safety measures. As such, they have temporarily redeployed their local and Malaysia workforce to carry out the ongoing works. Amidst slowing economic outlook, the defense sector remains relatively resilient.

Company Background

Starburst Holdings Limited (“**Starburst**”) is a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities. Starburst’s business can be traced back to October 1999, when the Group’s wholly-owned subsidiary, Starburst Engineering, was established.

Starburst specialises in the design and engineering of firearms-training facilities and the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups for law enforcement, military and security agencies as well as civil authorities.

The Group supplies and utilises its proprietary line of anti-ricochet ballistic materials, including anti-ricochet plastic and rubber materials, under the “Searls” trademark.

The Group’s business can be categorised into three main business segments, **Firearm Shooting Ranges**, **Tactical Training Mock-ups** and **Maintenance Services and Other Activities**.

Corporate Structure

STARBURST
MODERN FIREARMS-TRAINING FACILITIES

Starburst Engineering Pte Ltd
(Incorporated in Singapore)
(100%)

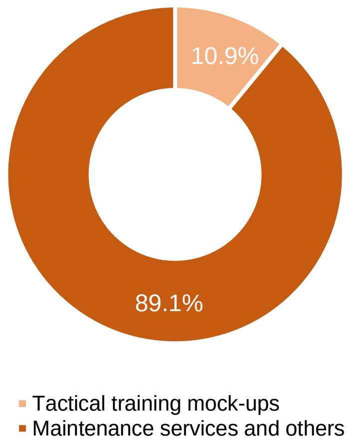
Starburst Risk Consulting Pte Ltd
(Incorporated in Singapore)
(100%)

Starburst Engineering (M) Sdn. Bhd.
(Incorporated in Malaysia)
(100%)

Starburst Engineering Pte Ltd
Abu Dhabi
(Representative Office)
(100%)

Business Segments

FY2019 Revenue



Source: Company Data, SAC Capital

Firearms-training facilities did not contribute to the revenue in FY19, but contributed 44.4% and 3.8% to revenue in FY17 and FY18 respectively.

Source: Company Annual Report

Firearm Shooting Ranges

Starburst designs, fabricates and installs anti-ricochet ballistic protection systems at live-firing ranges to prevent fired rounds from ricocheting. This involves the installation of their proprietary “Searls” anti-ricochet panels, rubber lining panels and floor and ceiling baffles at indoor, outdoor and modular live-firing ranges, close quarters battle houses and method of entry training facilities.

Tactical Training Mock-ups

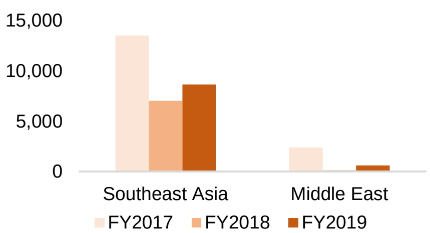
The tactical training mock-ups business segment pertains to design, fabrication and installation of live-firearms and non-live firearms tactical training mock-ups to suit each desired training scenario. The mock-ups seek to provide simulations which emulate real-life scenarios, and thus involve the examination of various elements of the desired mock-up to ensure that details are replicated. Tactical training mock-ups include rescue and evacuation operations, aviation and maritime operations, sniper operations and other counter terrorism operations.

Maintenance Services and Other Activities

The maintenance programmes for completed firearm shooting ranges and tactical training mock-ups facilities require continual monitoring to ensure that they are kept in optimal condition as described in the initial design criteria and maintenance manuals, and that international safety standards are met and updated if necessary, in order to ensure that usage of the customers’ training facilities is maximised, downtime is minimised and safety is not compromised.

In connection with, and in addition to their principal activities, they also design, construct and install ballistic protection and security systems for various facilities, including high security detention facilities. Additionally, they design, supply and/or fabricate steel struts and steel beams for temporary or permanent structural and architectural steel works on a selective basis.

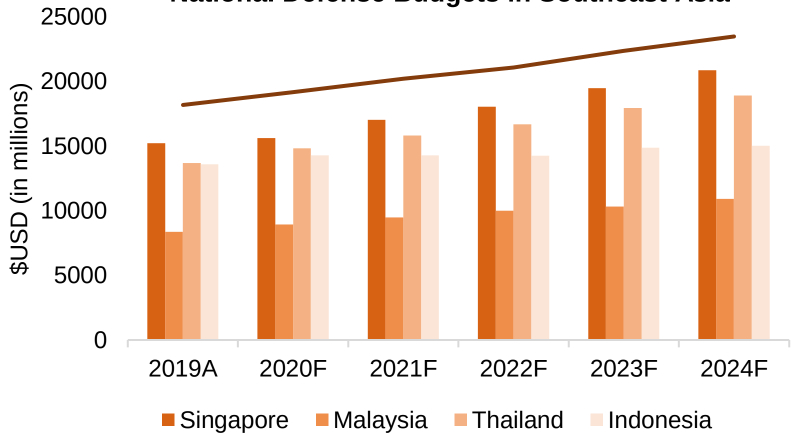
Industry Overview



Source: Company Data

Military expenditure in Southeast Asia has seen growing trends

According to IISS, the global military spending in 2019 increased by 4% YoY, making it the highest YoY growth in a period of 10 years. Military spending is expected to continue growing at a CAGR of about 3% from 2019 – 2023 to reach US$2.1 trillion.



Source: Market Line

Between 2016 and 2018, there were at least six major terrorist incidents in Southeast Asia alone. One of the most dire was the "Battle of Marawi", where Islamist groups under the IS umbrella ambushed Marawi, the Philippines, killing dozens of civilians and leaving behind widespread destruction. In 2019, The Straits Times also reported a series of bombings in the Philippines in areas known for ISIS linked violence. In view the elevated threat, total defense spending in ASEAN has doubled over the last 15 years.

Threat of terrorism in Middle East poses as an opportunity

In the Middle East, ongoing geopolitical tensions and violence remains rampant. The fall in peacefulness over the past decade was caused by a wide array of factors, including increased terrorist activity and the intensification of conflicts.

According to the 2019 Global Peace Index (GPI), the Middle East region remains one of the world's least peaceful regions. In addition, the 2019 Global Terrorism Index (GTI) also states the threat of terrorism continues to be rampant in the Middle East, with countries such as Iraq, Syria, and Yemen being listed among the top ten countries impacted by terrorism, ranked by number of deaths. Recently, in January 2020, the death of Iranian General Suleimani in an airstrike sent by the United States brought about political unrest, with Iran's Supreme Leader Ayatollah Ali Khamenei threatening that "severe revenge awaits the criminals" behind the attack.

We expect Middle East's future defense expenditure to expand at a robust pace amid elevated threats from Islamist militancy, sectarian violence and social and political unrest.

Industry Overview

Covid-19 could trim defense budgets

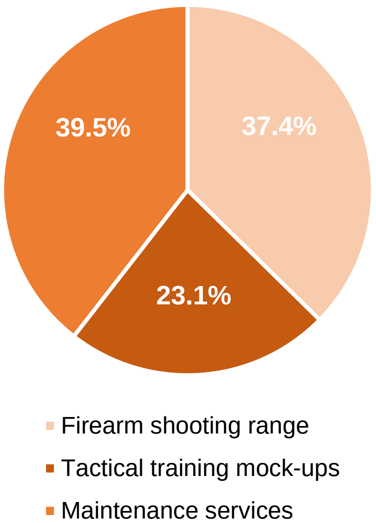
Measures to curb the spread of Covid-19 have had significant impact on global economies and GDP growth. According to the World Bank, the hardest-hit economies are those that rely heavily on tourism and exports, which include many countries in the Southeast Asian region.

The World Bank has projected GDP to fall by 6.1% in Malaysia, 9.9% in the Philippines, and 10.4% in Thailand. Countries like Indonesia are still grappling with the spread of the virus. While Singapore has a reputation for its uncompromised focus on national security, according to Bloomberg, its budgetary pressures may force it to cut back on military spending until the economy starts to recover.

Given the limited resources, governments may channel more budget towards health and social security measures, at the expense of national defense budgets. However, in the long term, national defense would remain one of the priorities of most countries, and defense spending would see recovery as the economy rebounds. On top of that, amidst the dull economic outlook, the defense sector remains one of the more defensive sectors as global threats remain rampant.

Financial Summary

1HFY20 Revenue

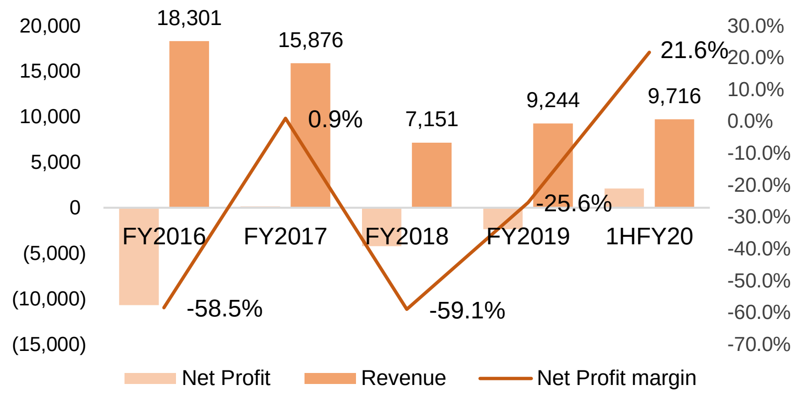


In 2020, the Group secured two new projects in Southeast Asia, including a tactical training mock-up project and a firearm shooting range project. These two projects are the key drivers of their project-based revenue in 1HFY20, and revenue is expected to be recognised accordingly based on the percentage-of-completion method into 2HFY20 as well.

Turnaround in profitability

In 1HFY20, Starburst booked revenue of S$9.7 million, well ahead of the the full year revenue of FY2019. This translates to a 176.3% increase YoY. The profit margin turned positive (21.6%) for the first time since FY2017 (0.9%), largely aided by the two contracts secured, on top of the recurring maintenance services.

Revenue, Net Profit and Net Profit Margin (S$'000)

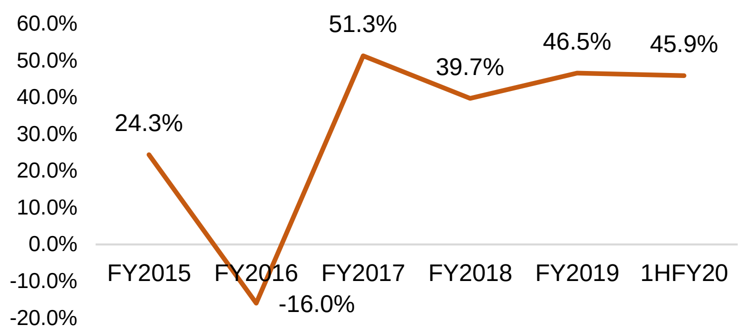


Source: Company Data

Improving gross margins

The Group's gross margins increased from 40.3% in 1HFY19 to 45.9% in 1HFY20. This is due to effective cost management measures adopted by the Group, which remain as one of their priorities.

Gross margin

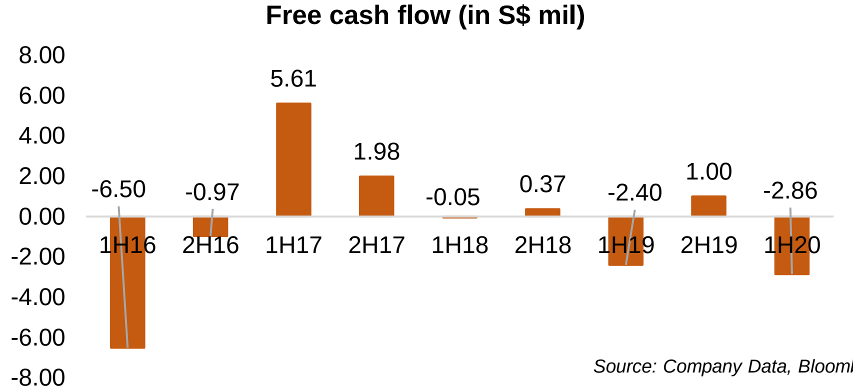


Source: Company Data

Financial Summary

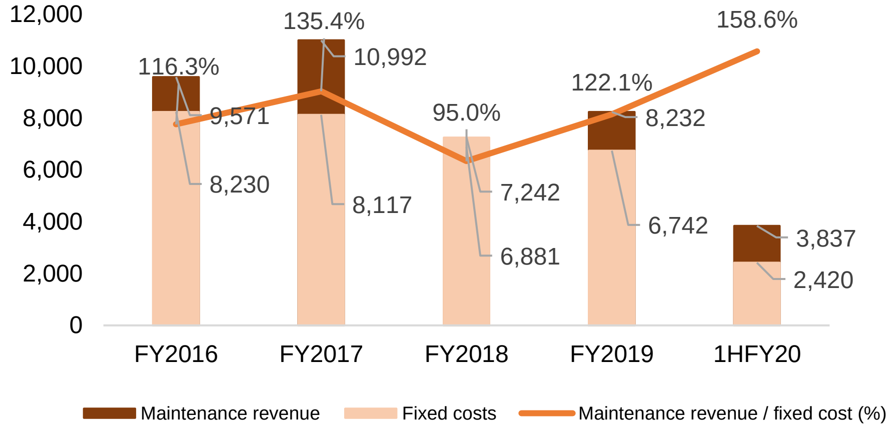
Volatile free cash flows

Due to the project-based nature of the business, cash flows and earnings are expected to be volatile, subject to the progress of their ongoing projects, and the total number of contracts secured and in-progress.



Source: Company Data, Bloomberg

Looking at their recurring portion of their revenue derived from maintenance services, the Group had been able to cover fixed costs in most years, except for FY2018, with 1HFY20 seeing the highest coverage ratio of 1.59x.



Source: Company Data

Overall, there is some unpredictability with Starburst's cash flows and earnings due to the specific period and time of recognition of revenue and expenses, which depends on which phase the project is at (i.e. design phase/ fabrication phase/installation phase). This would mean that even in good years with multiple ongoing contracts, free cash flows and earnings would fluctuate and can be negative, as work progress of each project varies.

Financial Summary

Warrants expiring in June 2021

On 15 June 2016, the Company issued 62,500,000 warrants at an issue price of S$0.01 for each warrant, at an exercise price of S$0.25 for each new share. The warrants will expire on 14 June 2021.

As at 30 June 2020, there were 58,751,575 (as at 8 October 2020: 53,235,975) outstanding warrants for which ordinary shares may be issued. These warrants are in the money and are dilutive. If exercised, they would amount 21.4% of existing shares or 17.6% of the enlarged shares. The proceeds from the warrant exercise could amount to S$13.3 million.

The proceeds were used and would be intended for use for the following purposes:

- General working capital
- Repayment of the Group's borrowings
- Pursuit of strategic business opportunities (such as business expansion and acquisition opportunities as and when they arise)

Future Growth

Long-term partnerships

The Group is working to strengthen its partnerships with defense contractors, equipment suppliers and consultants to participate with them either in joint tenders, or collaboration for successful tenders. As maintenance revenue plays a significant role in the Group's recurring income, Starburst seeks to actively work with the relevant authorities to expand its portfolio of maintenance service contracts and grow its recurrent revenue base. This is done through bidding for new maintenance contracts and building up maintenance income after the completion of new projects.

In addition, Starburst attracted investors such as ICH Capital and Eternal Glade, who invested S$2.5 million collectively in the Group through a placement of 6.4 million vendor shares in August 2020.

Adopting effective cost management

The Group will continue to focus on ensuring effective cost management of its projects and production costs to achieve a sustainable operating performance. This is aligned to the increase in gross margin to 45.9% in 1HFY20 from 40.3% in 1HFY19.

Key Risks

Short-term expiry of contracts and lack of recurring contracts

The various segments operate in different model:

1. Firearms shooting range – project basis
2. Tactical training mock-ups – project basis
3. Maintenance services and other activities – recurring basis

The recently secured contracts are expected to contribute positively to earnings:

1) S$40.9 million contract for firearms training facility in Southeast Asia, and would be carried out over 2 years;
2) S$13.1 million contract for upgrading a tactical mock-up facility in Southeast Asia would be completed within one year.

However, these contracts are one-off and non-recurring. Hence, the company will need to continuously tender for new projects to build orders on hand in order to sustain earnings.

Starburst remains optimistic of its ongoing discussions for more contracts in Southeast Asia and the Middle East. Management is also actively pursuing maintenance projects to build recurring income base.

Negative retention ratio

Despite generating losses the last few years, Starburst has been dishing out dividends to shareholders. From 2017 – 2020, Starburst paid a consistent final dividend of 0.25 cent per share. Retained earnings is declining, and the Group is drawing on cash reserves, which means that less is reinvested back into growing the company.

However, we believe the situation has improved with the turnaround in earnings in this year.

Political instability

Although global geopolitical tensions bring about opportunities for Starburst, there exists political instability in some of the countries the Group operates in, such as Thailand and Malaysia. If political tensions escalate, Starburst's ongoing operations may be affected.

Corporate History

1999	**Starburst Engineering Pte Ltd** (“**SEPL**”) was incorporated in Singapore.
2000	**SEPL** received an ISO 9001:2000 certification in the supply and installation of detention/security cell, bullet containment system, anti-ricochet lining system, defence/military training facilities (e.g. obstacle training facilities) and related maintenance. Completed its first live-firearm indoor shooting range training facility in Southeast Asia.
2003	Completed its first high impact resistant detention facilities in Southeast Asia.
2004	Completed its first double-decker live-firearm Boeing 747 aircraft mockup for anti-terrorist training in the Middle East. **Starburst Engineering (M) Sdn. Bhd.** was incorporated in Malaysia.
2005	Completed its first seven-storey commercial ship mock-up with indoor live-firearms-training capability and a reconfigurable moveable ballistic protection partitions system in Southeast Asia.
2008	**SEPL** received an ISO 9001:2008 certification in the supply and installation of detention/security cell, bullet containment system, anti-ricochet lining system, defence/military training facilities (e.g. obstacle training facilities) and related maintenance, and structural steel works.
2011	**SEPL** was awarded with the OHSAS 18001:2007 Certification of Occupational Health and Safety Management System and the bizSAFE Star by the Workplace Safety and Health (WSH) Council.
2013	**SEPL** opened its Middle East representative office in Abu Dhabi. **Starburst Holdings Pte. Ltd.** was incorporated in Singapore.
2014	**Starburst Holdings Pte. Ltd.** changed its name to **Starburst Holdings Limited** and was listed on Catalist Board of the SGX-ST.
2015	**SEPL** acquired a new factory with a land area of approximately 8,806 square metres.
2017	**Starburst Risk Consulting Pte. Ltd.** was incorporated in Singapore. Signed Strategic Partnership agreement with Swiss Securitas Group to provide Homeland Security and Engineering Services. **SEPL** received an ISO14001:2015 Certification of Environment Management System.
2018	**SEPL** received Green and Gracious Builder Award from the Building and Construction Authority (BCA).

Management

Mr. Edward Lim Chin Wah is the Chairman and Executive Director and also one of the founders of the Group. He is responsible for the overall management, strategic planning, technical and engineering activities of the Group. Mr. Lim has more than 30 years of experience in the engineering and structural steel fabrication business. As one of the Group's founders, Mr. Lim was instrumental in laying the Group's early foundation and has been pivotal in the development of the Group and its expansion into the Middle Eastern markets. Mr. Lim graduated from Singapore Polytechnic with a Technician Diploma in Mechanical Engineering and is a member of the Singapore Institute of Directors.

Mr. Yap Tin Foo is the Managing Director and Executive Director, and also one of the founders of the Group. He is responsible for the overall operations, business development and client relationships of the Group. Mr. Yap has about 30 years of experience in construction and project management. Since he founded the Starburst business in 1999 together with the Group's Chairman and Executive Director, Mr. Edward Lim, he has been instrumental in the development and growth of the Group. Mr. Yap graduated from the University of South Australia with a Bachelor of Building and is a member of the Singapore Institute of Directors.

Income Statement

(S$'000)	FY2016A	FY2017A	FY2018A	FY2019A	1HFY20A
	Fiscal Year Ended 31 Dec				
Revenue	**18,301**	**15,876**	**7,151**	**9,244**	**9,716**
Other operating income	440	118	177	78	115
Project and production costs	(21,225)	(7,731)	(4,313)	(4,942)	(5,260)
Employee benefits expenses	(3,526)	(3,465)	(3,237)	(3,168)	(1,041)
Depreciation expense	(1,696)	(1,572)	(1,494)	(1,309)	(567)
Other operating expenses	(2,680)	(2,728)	(2,099)	(1,875)	(676)
Finance costs	(328)	(352)	(412)	(390)	(176)
Profit/(Loss) before income tax	**(10,714)**	**146**	**(4,227)**	**(2,362)**	**2,111**
Income tax expense	(1,001)	(7)	(17)	(22)	(9)
Profit/(Loss) for the year	**(11,715)**	**139**	**(4,244)**	**(2,384)**	**2,102**
Other comprehensive income (net of tax)					
Exchange differences on translation of foreign operation	1	(1)	-	1	-
Total comprehensive income/(loss) for the year	**(10,890)**	**138**	**(4,244)**	**(2,383)**	**2,102**
EPS:					
- Basic (SG cents)	(4.69)	0.06	(1.74)	(0.98)	0.86
- Diluted (SG cents)	(4.69)	0.05	(1.59)	(0.91)	0.80

Ratios

	FY2016A	FY2017A	FY2018A	FY2019A	1HFY20A
	Fiscal Year Ended 31 Dec				
Adoption of SFRS 16 Leases increased lease liability in FY2018					
Profitability (%)					
Gross profit/(loss) margin	-16.0%	51.3%	39.7%	46.5%	45.9%
Profit/(loss) before tax margin	-58.5%	0.9%	-59.1%	-25.6%	21.7%
Liquidity (x)					
Current ratio	5.4	8.2	6.8	5.7	7.7
Quick ratio	2.5	6.4	5.4	4.2	3.8
Interest coverage ratio	(31.7)	1.4	(9.3)	(5.1)	13.0
Net Debt to Equity	40.5%	6.5%	18.8%	32.0%	39.4%
Valuation (x)					
P/S	5.7	6.6	14.6	11.3	10.7
P/E	(8.9)	749.6	(24.6)	(43.7)	49.6
Core P/E at target price	-	-	-	-	-
P/B	3.1	3.2	4.1	4.7	4.2
P/NTA	3.1	3.3	4.1	4.7	4.2
Cash Conversion Cycle					
Trade receivable days	222	126	179	157	210
Inventory days	44	47	108	77	93
Trade payable days	59	38	60	47	52
CCC days	207	135	226	187	252

Balance Sheet

(S$'000)	FY2016A	FY2017A	FY2018A	FY2019A	1HFY20A
	Fiscal Year Ended 31 Dec				
Cash and bank balances and fixed deposits	787	11,302	7,966	4,987	2,058
Trade other receivables	10,110	4,520	2,578	3,080	4,732
Contract assets	3,761	2,262	808	975	4,508
Inventories	2,226	2,042	2,110	1,952	2,478
Total current assets	**23,819**	**20,126**	**13,462**	**10,994**	**13,776**
Fixed deposits pledged	2,077	2,394	2,815	2,829	2,846
Trade and other receivables	1,022	977	932	887	864
Property, plant and equipment	24,841	23,564	24,983	23,685	23,150
Intangible assets	-	450	150	-	-
Total non-current assets	**27,940**	**27,385**	**28,880**	**27,401**	**26,860**
Total assets	**51,759**	**47,511**	**42,342**	**38,395**	**40,636**
Bank loans	1,120	563	639	655	344
Trade and other payables	2,960	1,662	1,185	1,192	1,373
Current portion of lease liabilities	86	106	126	44	45
Contract liabilities	201	119	-	-	-
Income tax payable	5	11	19	22	31
Total current liabilities	**4,372**	**2,461**	**1,969**	**1,913**	**1,793**
Bank loans	13,378	12,829	12,099	11,446	11,417
Lease liabilities	164	83	2,851	2,807	2,784
Total non-current liabilities	**13,542**	**12,912**	**14,950**	**14,253**	**14,201**
Share Capital	40,570	41,005	41,028	41,055	41,507
Treasury shares	-	(1,658)	(3,513)	(3,745)	(3,886)
Warrant reserve	422	422	422	422	422
Asset revaluation reserve	6,042	-	-	-	-
Currency translation reserve	2	1	1	2	2
Merger reserve	(25,438)	(25,438)	(25,438)	(25,438)	(25,438)
Retained earnings	12,247	17,806	12,923	9,933	12,035
Total Equity	**33,845**	**32,138**	**25,423**	**22,229**	**24,642**
Total Liabilities and Equity	**51,759**	**47,511**	**42,342**	**38,395**	**40,636**

Cash Flows Statement

(S$'000)	FY2016A	FY2017A	FY2018A	FY2019A	1HFY20A
	Fiscal Year Ended 31 Dec				
Profit/(Loss) before tax	**(10,714)**	**146**	**(4,227)**	**(2,362)**	**2,111**
Depreciation expense	1,696	1,572	1,494	1,309	567
Changes in working capital	563	6,237	2,738	(494)	(5,530)
Others	1,969	(110)	339	182	23
Income tax	(6)	(1)	(9)	(19)	-
Net generated from/(used in) operating activities	**(6,492)**	**7,844**	**335**	**(1,384)**	**(2,829)**
Purchase of PPE	(983)	(257)	(10)	(11)	(32)
Others	2,194	3,015	2,589	(11)	(17)
Net Cash used in investing activities	**1,211**	**2,758**	**2,579**	**(22)**	**(49)**
Repayment of lease liabilities	(86)	(101)	(148)	(126)	(22)
Purchase of treasury shares	-	(1,658)	(1,855)	(232)	(141)
Proceeds from exercise of warrants	-	435	23	27	452
Proceeds from bank loans	-	-	-	-	-
Repayment of bank loans	(644)	(607)	(654)	(637)	(340)
Dividend paid	(2,500)	(622)	(606)	(606)	-
Net Cash used in financing activities	**(2,808)**	**(2,553)**	**(3,240)**	**(1,574)**	**(51)**
Net (decrease)/increase in cash and cash equivalents	**(8,089)**	**8,005**	**(326)**	**(2,980)**	**(2,929)**
Cash and cash equivalents at beginning of year	8,376	288	8,292	7,966	4,987
Net effect of exchange rate changes	1	(1)	-	1	-
Cash and cash equivalents at the end of the year	**288**	**8,292**	**7,966**	**4,987**	**2,058**

** As at 30 June 2020, there were 58,751,575 outstanding warrants for which ordinary shares may be issued.*
*Singapore Financial Reporting Standards (International) ("**SFRS(I)**") SFRS 16 has been implemented by Starburst in FY2018.*
*Past financial figures have not been adjusted to Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and may not be comparable to the latest company financials.*

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