

## NEWS RELEASE

### STARBURST ANNOUNCES RESULTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

- ***Firearm shooting ranges contracts in the Middle East secured in FY2015 currently at beginning of fabrication work phase***
- ***New facilities allow taking on of larger and more complex projects***
- ***Healthy balance sheet with cash and bank balances of S\$8.4 million and debt to equity ratio of 0.32 time***
- ***Generates net cash from operating activities of S\$6.3 million***
- ***Proposes a final dividend of 1.0 cent per ordinary share***

**Singapore, February 26, 2016** – Starburst Holdings Limited (“**Starburst**”, and together with its subsidiaries, the “**Group**”), a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities, today announced its results for the financial year ended December 31, 2015 (“**FY2015**”). The Group recorded revenue of S\$15.9 million and a net loss attributable to shareholders of S\$1.7 million in FY2015. Comparatively, the Group’s revenue for the previous corresponding period (“**FY2014**”) was S\$39.4 million while net profit attributable to shareholders was S\$13.2 million.

During FY2015, most of the projects were in their installation work phases and were completed during the financial year. During the tail end of installation work phases, project revenue recognition is at a lower level. As such, Starburst's overall revenue for FY2015 declined as compared to FY2014 when a greater proportion of work was at the higher value fabrication phase. In addition, the Group's secured firearm shooting ranges contracts in the Middle East which were at the beginning of the fabrication work phase, coupled with the timing differences of the new projects' commencement also led to lower revenue contribution during FY2015.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, "FY2015 marks an important milestone for us. The acquisition of our new premises at 6 Tuas View Circuit dovetails with our need for increased fabrication efficiency and capacity brought on by the contracts and Letters of Intent secured during the financial year that are worth a collective S\$37.5 million. In addition, we will be well-positioned to take on larger projects and those of increased complexity in the years ahead."

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst remarked, "While our net profit has been affected by the different work phases that our projects were in, our cash flow generation and collection from customers remained good. During FY2015, we generated S\$6.3 million in net cash from operating activities. With our new projects secured in FY2015 kicking into the more intensive work phases in 2016, we anticipate a busy year ahead."

### **Performance Review**

Project and production costs decreased 29.7% to S\$12.1 million in FY2015 from S\$17.2 million in FY2014, in tandem with the 59.5% decline in revenue. This was largely a result of the lower material and fabrication costs incurred, as prior projects were completed in the second quarter of FY2015. In addition, there was also a relatively lower level of fabrication works during the financial year.

Gross profit was impacted by Starburst's lower scale of operations, the decrease in revenue and higher than anticipated costs resulting from a delay as well as changes in the specifications of a project. This led to a decrease in gross profit to S\$3.9 million in FY2015 from S\$22.2 million in FY2014.

Overall operating expenses declined marginally by S\$0.1 million to S\$6.8 million in FY2015. This was mainly due to a decrease in staff bonuses provisions and the absence of one-off IPO expenses incurred in FY2014, offset by higher depreciation expenses.

Starburst consequently registered a net loss attributable to shareholders of S\$1.7 million during FY2015. However, the Group's balance sheet remained healthy with cash and bank balances of S\$8.4 million and a debt-to-equity ratio of 0.32 time as at December 31, 2015.

## **Dividend**

The Board of Directors has recommended a tax exempt one-tier final dividend of 1.0 cent per ordinary share, representing a total dividend payout of S\$2.5 million.

Mr. Lim commented, "The proposed dividend recommended by the Board serves to reward shareholders for their unwavering support and to demonstrate the Board's confidence in Starburst's future prospects. While we incurred a loss during the year largely due to the unanticipated cost overrun and delay in project, we remain committed to generating sustainable value for our investors in the years ahead."

## Outlook

For Southeast Asia, particularly Singapore, Malaysia, Indonesia, the Philippines and Thailand, the collective defence budget is estimated to have a compounded annual growth rate of approximately 11.0% between 2016 and 2020<sup>1</sup>.

While defence spending by countries in the Middle East is anticipated to level off due to the decline in oil prices, IHS Jane's believes that increased security concerns around the region will keep defence expenditures protected in relative terms. The collective defence budget of countries in the Middle East is forecasted to remain stable at US\$170 billion over 2016 and 2017, and is likely to face upward pressures over the medium to long-term<sup>2</sup>.

Mr. Lim remarked, "The wave of terrorism that has swept across the Middle East and Europe in recent times, has increasingly shown the borderless nature of terrorism threats. Closer to home, with the Islamic State's recent deadly attack in Jakarta, Indonesia, in January 2016, it has reached the doorstep of Southeast Asia. In light of the escalating frequency of security and geopolitical threats, we believe Starburst's expertise in matters relating to firearm training facilities remains highly relevant to authorities and will be in good demand. During FY2015, we continued to receive a healthy flow of enquiries for our products from customers across our core markets of the Middle East and Southeast Asia and we anticipate the securing of new contracts in FY2016.

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<sup>1</sup> *Defence & Security data profile, defence expenditure (2015F – 2020F) – Business Monitor International accessed on October 23, 2015*

<sup>2</sup> *Growing Security Fears Boost Defence Budgets, IHS Says – IHS Jane's, December 16, 2015*

“The prospects in the Middle East appear favourable, given that preparations for major events such as the Expo 2020 in Dubai and the Qatar 2022 FIFA World Cup are or will be underway soon. We believe that investments in security, including firearms training, will invariably be a key development that will spell potential opportunities for Starburst. We also remain committed to pursuing opportunities in augmenting our portfolio of maintenance services which will serve as a base of recurring revenue.”

As a result of Starburst’s nature of business which is largely project based, the extent of revenue contribution from each project depends on factors including the project’s individual size, scope and completion schedule. As such, the Group’s overall revenue for each period may fluctuate accordingly.

This press release should be read in conjunction with Starburst’s FY2015 results announcement released on February 26, 2016 to the Singapore Exchange.

## **ABOUT STARBURST HOLDINGS LIMITED**

Starburst is an engineering specialist in a niche industry, and designs, fabricates, installs and maintains anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. The Group's firearms-training facilities and tactical training mock-ups are utilised by law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East. In addition, Starburst offers complete service and maintenance programmes to ensure that the completed firearm shooting ranges and tactical training mock-ups are kept in optimal operating conditions.

Starburst is one of the few companies operating primarily in Southeast Asia and the Middle East, which provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearms training facilities and tactical training mock-ups. With its established track record in the niche business of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups, Starburst is able to meet the requirements of government agencies in its key markets. Starburst maintains close business relationships with key global players in the military training software and equipment markets, which also enables the Group to secure contracts in Southeast Asia and the Middle East.

In addition, Starburst has developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under its "Searls" trademark. By using and supplying its proprietary line of anti-ricochet ballistic protection materials, Starburst is able to better manage and control costs and offer customised solutions to its customers.

For more information, please visit [www.starburst.net.sg](http://www.starburst.net.sg)

*This news release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, DBS Bank Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

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