

## NEWS RELEASE

### STARBURST DELIVERS SOLID RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2014

- Revenue increased to S\$21.5 million with commencement of fabrication and installation works for two projects in Southeast Asia and one project in the Middle East
- Strong balance sheet with low debt to equity ratio of 0.18 times

*Singapore, August 12, 2014* – 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 reported that profit attributable to shareholders increased to S\$9.0 million for the six months ended June 30, 2014 (“**HY2014**”), from S\$1.4 million in the previous corresponding period (“**HY2013**”).

This was achieved on the back of strong revenue growth of S\$16.2 million or 311.5% to S\$21.4 million in HY2014, from S\$5.2 million in HY2013, which was primarily due to the commencement of fabrication and installation works for three projects. These three projects comprise a firearm shooting range project and a tactical training mock-ups project in Southeast Asia as well as a firearm shooting range project in the Middle East.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst commented on the results for HY2014, “We are pleased to have delivered a first set of good results closely after our successful listing in July this year, which drew strong interests from

both institutional and retail investors alike. This achievement is a strong endorsement of our competitive edge and ability to provide in-house integrated solutions for firearm training facilities and tactical training mock-ups starting from design through to installation, thereby creating a safer firearm training environment for our customers.”

## **Performance Review**

In line with strong revenue growth in HY2014, project and production costs increased by approximately S\$6.1 million, primarily due to the increase in material and fabrication costs for projects carried out in the fabrication and installation work phases in HY2014.

Hence, gross profit increased by approximately 315.6% from S\$3.2 million in HY2013 to S\$13.3 million in HY2014 and gross profit margin remained stable at 61.5% in HY2013 and 62.1% in HY2014.

Finance costs increased by approximately S\$163,000 from S\$18,000 in HY2013 to S\$181,000 in HY2014, primarily due to an increase in bank borrowings and liquidity lines.

Net cash from operating activities also rose from S\$70,000 in HY2013 to S\$7.3 million in HY2014. Overall, Starburst maintained a strong balance sheet with low debt to equity ratio of 0.18 times and net current assets of S\$24.3 million as at June 30, 2014.

With the increase in net profit attributable to shareholders to S\$9.0 million in HY2014 from S\$1.4 million in HY2013, net profit margin increased to 42.1% in HY2014.

## **Industry Outlook**

According to industry analysts<sup>1</sup>, the growth of the Engineering and Construction of Training Facilities (“ECTF”) industry is correlated to defence spending and the economic performance of a country.

The adoption of technology in Military and Law Enforcement Organisations; security risks and the need to protect key installations such as sea-ports, airports, petrochemical plants and government administrative buildings; increased investments in critical infrastructure; and an expected defence spending CAGR of 3.4% from 2014 to 2018, are expected to drive growth in the ECTF industry in Southeast Asia.

Conscription and changing demographics in the GCC, major global and regional events as well as infrastructure spending, are expected to drive growth in the ECTF industry in the Middle East.

Mr. Lim added, “Undeniably, political volatility, increasing security needs, technological development and the changing nature of modern combat will present opportunities for companies operating in the ECTF industry. We will focus on larger projects with greater complexity and enhance our recurring income stream by undertaking more contracts for the maintenance of firearm shooting ranges and tactical training mock-ups.”

### **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

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<sup>1</sup> *Independent Market Research on the Engineering and Construction of Training Facilities for the Defence Industry – Southeast Asia and the GCC*, Converging Knowledge, March 19, 2014

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 conditions.

Starburst is one of the few companies in the industry, 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 bodies and open doors in the Middle Eastern 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. (“**DBS Bank**”), for compliance with the relevant rules of 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 and the SGX-ST assumes 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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