

## NEWS RELEASE

### STARBURST ANNOUNCES RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

- ***Contracts secured in Southeast Asia and the Middle East in H1 2015 currently at beginning of fabrication works phase***
- ***Generates net cash from operating activities of S\$7.0 million***
- ***Healthy balance sheet with cash and bank balances of S\$11.4 million and debt to equity ratio of 0.32 time***

**Singapore, November 12, 2015** – 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 nine months ended September 30, 2015 (“**9M2015**”). Starburst registered revenue of S\$10.5 million and a net loss attributable to shareholders of S\$1.7 million in 9M2015 as compared to revenue of S\$29.0 million and net profit attributable to shareholders of S\$10.7 million recorded in the previous corresponding period (“**9M2014**”).

The Group derived lesser project revenue from its fabrication and installation work phases during the period which consequently led to Starburst achieving a lower overall revenue in 9M2015. This was a result of the completion of a firearm shooting range project and a tactical training mock-up project in Southeast Asia, as well as a firearm shooting range project in the Middle East. New contracts secured in the first half of financial year 2015 (“H1 2015”) were still at the initial phases of execution.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “We continue to make healthy progress in laying the groundwork to build our pipeline of new projects, having garnered a good level of interest from customers. With our newly acquired S\$22.4 million factory premises, it will greatly aid our projects’ fabrication works by raising our productivity and enabling us to take on larger projects.”

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst remarked, “Our cash flows remain healthy, having generated net cash from operating activities of S\$7.0 million in 9M2015. In addition, armed with S\$3.2 million in unutilised IPO proceeds allocated for general working capital purposes, it provides us with sufficient headroom to fund current and additional new projects. The eventual sale of the old factory will also provide additional working capital.”

## **Performance Review**

In line with the 63.6% decrease in 9M2015 revenue, project and production costs declined 24.0% to S\$8.2 million from S\$10.9 million in 9M2014. This was mainly a result of lower material and fabrication costs incurred, particularly since prior projects were completed in the second quarter of financial year 2015, and the relatively lower levels of fabrication and installation works performed during the period.

Gross profit was affected by the lower revenue achieved as well as a delay in the handing over of project infrastructure and changes to the original ballistic protection system requirements of a completed project. As such, higher than expected costs were incurred, leading gross profit to decrease to S\$2.3 million in 9M2015 from S\$18.1 million in 9M2014.

Consequently, the Group registered a net loss attributable to shareholders of S\$1.7 million in 9M2015 as compared to a net profit attributable to shareholders of S\$10.7 million in 9M2014.

As at September 30, 2015, the Group's cash and bank balances was S\$11.4 million while its debt-to-equity ratio remained robust at 0.32 time.

## **Outlook**

Within Southeast Asia, specifically Singapore, Malaysia, Indonesia, Philippines and Thailand, these countries' defence expenditure is forecasted to have a collective compounded annual growth rate ("CAGR") of approximately 8.8% between 2015 to 2020. Over the same period for the Middle East region, namely the United Arab Emirates, Saudi Arabia and Kuwait, the CAGR is expected to be 7.8%<sup>1</sup>.

Mr. Lim remarked, "Based on our observations, while the decline in global oil prices raised concerns that countries in the Middle East may potentially reduce their defence expenditure, the continued unrest and terrorism threats in the region are factors likely to compel authorities to continue heavy investments in live firearms training and equipment to strengthen their security forces."

"With a good flow of enquiries from customers in our core markets of the Middle Easter and Southeast Asia, we expect to secure new contracts over the next few quarters. Going forward, with a higher number of completed firearm training and tactical training mockups completed, we will be in a better position to beef up our maintenance services segment and grow our recurring revenue stream."

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

This press release should be read in conjunction with Starburst's 9M2015 results announcement released on November 12, 2015 to the Singapore Exchange.

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

## **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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