SAC ADVISORS

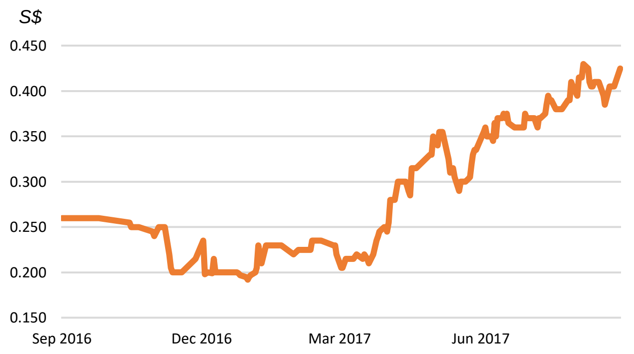
Starburst Holdings Limited

Date: 20 September 2017

Non Rated

STARB SP

Price: S$0.430 (as at 19th September 2017)



Share price	1M	3M	6M	1Y
Starburst Holdings	4.9%	13.2%	102.0%	63.5%
Catalist Index	(2.4)%	(7.6)%	10.1%	2.6%

Market capitalisation	S$106.3 million
Current price	S$0.430
Shares outstanding	247,262,650
Free Float	24.1%
Major shareholders	Lim Chin Wah 36.44% Yap Tin Foo 34.41%
Recommendation of other brokers	N/A

Source: Company data, Bloomberg, SAC Advisors

Analyst
Terence Chua +65 6221 5590
tchua@saccapital.com.sg

Burst of Speed

A design and engineering of firearms-training facilities specialist. Starburst Holdings Limited and together with its subsidiaries, ("**Starburst**", "**Company**" or the "**Group**") is a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities of close to 17 years.

Specialist with an established track record in a niche industry. The Company has a track record of over 15 years as a specialist 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. 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.

Recurring maintenance revenue provides greater earnings visibility. Since their IPO in 2014, management has committed to growing their maintenance business services revenue segment income to provide a stream of recurring income, thereby increasing their earnings visibility for investors. The effort has paid off, and maintenance services now comprise more than half of their overall revenue stream in FY2016.

Turnaround in sight. The Group returned to profitability for the second consecutive quarter, with net profit attributable to owners of S$0.6 million in HY2017, compared to a net loss of S$2.1 million in the previous corresponding period. During the last financial year, higher project and production costs stemming largely from the delays faced by the Marina One architectural steel project at Marina Way in Singapore impacted overall profitability. In the latest HY2017, better management of project and production costs saw the Group's gross profit margin increased 37.7% to 45.8%, from 8.1% in HY2016.

Key risks: (i) Dependent on non-recurring contracts (ii) dependent on government contracts and (iii) susceptible to cost overruns.

Key Historical Financials

Year ended December (S$'000)	FY2012	FY2013	FY2014	FY2015	FY2016
Revenue	17,337	21,045	39,356	15,944	18,301
% Growth	(23.7%)	21.4%	87.0%	(59.5%)	14.8%
Gross profit	10,655	12,633	22,188	3,880	(2,924)
Gross profit margin	61.5%	60.0%	56.4%	24.3%	(16.0%)
Profit/(loss) before tax	7,641	10,107	15,762	(2,811)	(10,714)
Profit/(loss) before tax margin	44.1%	48.0%	40.0%	(17.6%)	(58.5%)
Profit/(loss) attributable to owners	6,468	8,729	13,159	(1,660)	(11,715)
EPS/(LPS) (Singapore cents)	2.59	3.49	5.88	(0.66)	(4.69)
P/E (x)	16.3	12.0	8.0	N/A	N/A
Net Debt/Equity					41.3%

^EPS is computed based on the profit from continuing operations attributable to owners of the company divided by total shares outstanding

Investment Highlights

Business Overview:

Starburst is an engineering Group specialising in the design and engineering of firearms-training facilities. With an established track record and experience of close to 17 years in this niche industry, Starburst is one of the few companies operating primarily in Southeast Asia and the Middle East that provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups.

A design and engineering of firearms-training facilities specialist. Starburst Holdings Limited is a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities for over 15 years. They operate in three main business segments, (i) firearm shooting ranges, (ii) tactical training mock-ups, and (iii) maintenance services.

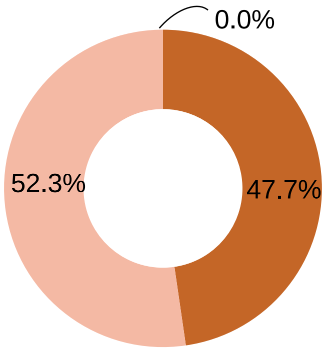
Specialist with an established track record in a niche industry. They have a track record of over 15 years as a specialist in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia and Middle East. 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. Their close business relationships with key global players in the military training software and equipment market, coupled with their track record puts them in a strategic position to capture the growing investment spending on defense and training.

Recurring maintenance revenue provides greater earnings visibility. Since their IPO in 2014, management has committed to growing their maintenance business services revenue segment income to provide a stream of recurring income, thereby increasing their earnings visibility for investors. The effort has paid off, and maintenance services have grown tremendously over the last five years, with a compounded annual growth rate ("**CAGR**") of over 52% and now comprise more than half of their overall revenue stream in FY16.

Turnaround in sight. The Group returned to profitability for the second consecutive quarter, with net profit attributable to owners of S$0.6 million in HY2017, compared to a net loss of S$2.1 million in the previous corresponding period. During the last financial year, higher project and production costs stemming largely from the delays faced by the Marina One architectural steel project at Marina Way in Singapore impacted overall profitability. In the latest HY17, better management of project and production costs saw the Group's gross profit margin increased 37.7% to 45.8%, from 8.1% in HY2016.

Company Background

Revenue Breakdown (FY2016)

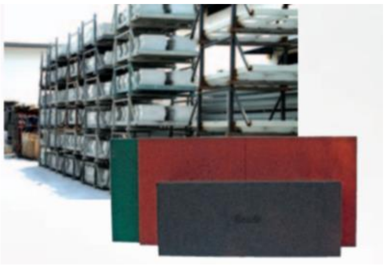


Source: Company data, SAC Advisors

**Tactical training mock-ups did not contribute any revenue for FY16, this segment contributed 2.4% to revenue for FY15*

- 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 in Southeast Asia and the Middle East.

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



Source: Company data

- Their core business can be categorised into three business segments:

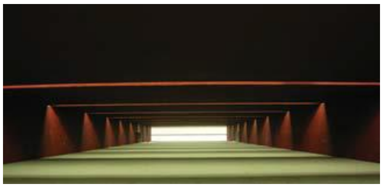
(a) Firearm shooting ranges (project basis);

(b) Tactical training mock-ups (project basis); and

(c) Maintenance services and other activities (recurring).

Business segments

Firearm Shooting ranges



Design, fabrication and installation of anti-ricochet ballistic protection systems for:

1) indoor, outdoor and modular live-firing ranges;
2) close quarters battle houses; and
3) method of entry training facilities.

Tactical Training Mock-ups

Design, fabrication and installation of:

Live-firearm and non-live-firearm, full sized tactical training mock-ups which stimulate specific training scenarios, including:

- rescue and evacuation operations, aviation, maritime and other counter terrorism operations and sniper operations.

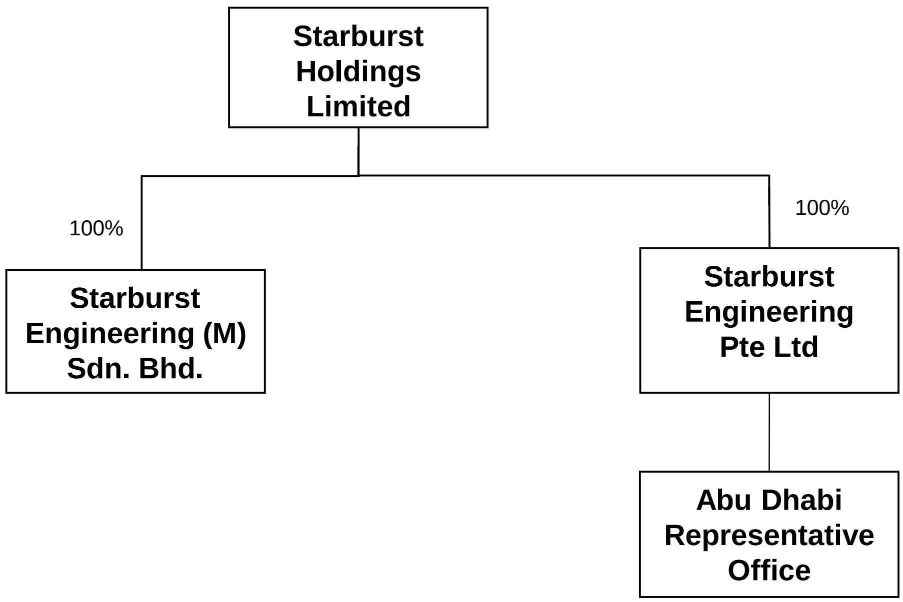
Maintenance services and others

Ensure facilities are kept in optimal condition and that international safety standards are met and updated if necessary.

Design, supply and/or fabricate structural and architectural steel works.

Design, construct and install ballistic protection and security systems for various facilities, including high-security detention facilities.

Corporate Structure



Source: Company data, SAC Advisors

Overview on Corporate Structure

History

Starburst was founded in 1999 and was incorporated on 28 October 2013 in Singapore under the Companies Act as a limited exempt private company.

The principal business of the business is as follows:

a) Starburst Engineering Pte Ltd: Manufacturing of ordinary accessories, training, protection and containment system; and building construction including major upgrading works.

b) Starburst Engineering (M) Sdn. Bhd.: Currently a dormant company.

Corporate Structure

Revenue by Geographical Segment

S$'000	2015	2016
Southeast Asia	11,408	9,911
Middle East	4,536	8,930
Total	**15,944**	**18,301**

Source: Company data, SAC Advisors

Corporate Developments

Starburst Singapore was founded in 1999. They completed their first project relating to the fabrication and installation of the ballistic fit-out for an indoor shooting range facility in Southeast Asia in the year 2000.

In 2003, they completed their first project relating to the introduction and installation of high impact resistant detention cell front, security doors and padded surfaces cell rooms for various divisional police head quarter detention facilities in Southeast Asia.

In 2004, they completed their first project relating to the installation of a wide body Boeing 747, double decker anti-terrorist aircraft mock-up with live-firearm capability for both external and internal assault training in the Middle East. Starburst Engineering (M) Sdn Bhd. was also incorporated in the same year.

Source: Company data

In 2005, they completed the installation of a seven-storey commercial ship mock-up with indoor live-firearms-training capability and a reconfigurable moveable ballistic protection partitions system in Southeast Asia.

In 2012, Starburst Singapore was accredited with the certificate of Structural Steel Fabricator for Category S3 from the Singapore Structural Steel Society. In the same year, they completed their project relating to the design, supply, fabrication and installation of the ballistic fit-out for a multi-storey indoor shooting range facility in Southeast Asia.

In 2013, Starburst Singapore opened its representative office in Abu Dhabi, Starburst Middle East.

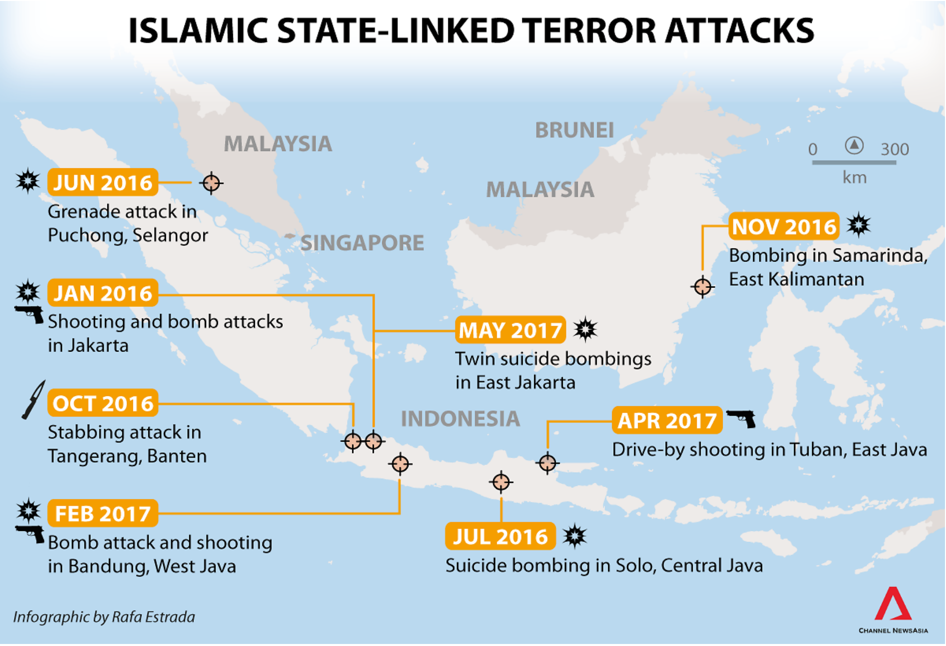
In 2014, they were listed on the Catalist Board of the SGX-ST.

Industry Overview

The global homeland security industry is forecasted to grow at a CAGR of 5.7% between 2016 and 2020. Once dominated by the United States, the homeland security industry is likely to see stronger growth in adoption in the Asia-Pacific region. According to Transparency Market Research, the Asia Pacific region contributed 27.3% of global industry revenue in 2013. Its share is expected to reach 29.0% by 2020. The Middle East is an equally prominent region, and is projected by Frost and Sullivan to experience growth at a CAGR of 15.5% from $7.2 billion of revenue in 2015 to $17.1 billion in 2021. Saudi Arabia is expected to dominate the Middle East's homeland security industry, with a 45.9% share by 2021. A key growth driver is the rising threat of terrorism in both Asia Pacific and the Middle East.

Rising terrorism in Southeast Asia to fuel government spending on homeland security

Home to the world's largest Muslim population with about 15% of global population, the Southeast Asia region has fuelled the interest of ISIS amid diminishing support in Middle East. This has led to rising threat of terrorism, as is evident from the several ISIS linked attacks throughout Southeast Asia in recent times.

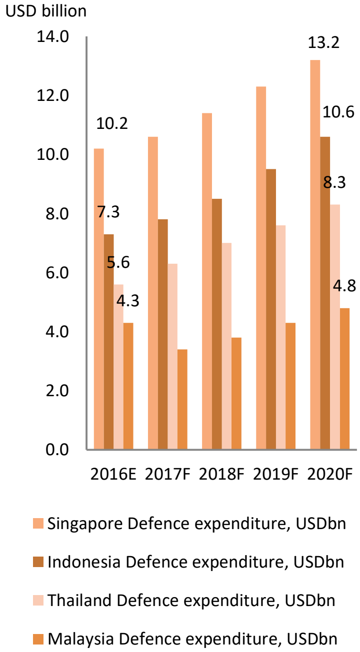


Source: Channel News Asia

In addition, alarms have been raised over ISIS's creation of a Malay Archipelago Unit in Syria and Iraq, called Katibah Nusantara. The unit is actively reaching out to the Malay-speaking population in the Southeast Asia region through propaganda videos and newspapers in Bahasa Indonesia and Bahasa Malayu to recruit new members, with Philippines as its epicentre where it is currently holding 1,200 operatives.

Industry Overview

Southeast Asia Defence Expenditure, 2016 - 2020



Source: BMI Research, SAC Advisors

Apart from Philippines, some of the key targets of ISIS include Singapore and Malaysia which also face elevated risks of domestic self-radicalisation. For instance, 11 radicalised Singaporeans were detained under the Internal Security Act between 2007 and 2014. However, 2015 alone saw 14 of such cases, indicating a considerable rise in radicalization. As such, an increase in terrorist attacks, especially those lead by radicalised individuals, is expected with the growing presence of the Islamic State in Southeast Asia. Not to mention, these attack methods have become more varied as attackers shift towards everyday items (e.g. hand-held weapons and vehicles) from sophisticated weapons (e.g. bomb). In other words, there has been a movement away from a physical property risk towards an increased people risk.

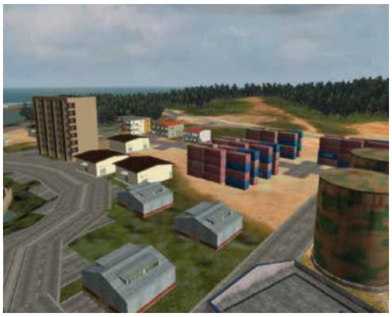
In view of this, the Ministry of Home Affairs stated in its Singapore Terrorism Threat Assessment Report 2017 that Singapore is under the highest terrorism threat. This is reiterated in Aon's Political Risk, Terrorism and Poltical Violence Risk Maps report where Singapore's terrorism and political violence risk level increased from "negligible" to "low". Likewise, per Aon's report, Philippines and Indonesia were ranked "high" while Malaysia and Thailand were ranked "medium" risk, illustrating the unprecedented immediate level of emergency faced by Southeast Asian countries.

Nevertheless, at the crucial national level, the fight against terrorism has to be put into effective anti-terrorist action. Notably, it has been demonstrated by the boost in Southeast Asian government's defence expenditure in the coming years. According to BMI, Thailand's defence expenditure (in terms of USD million) is expected to grow at a CAGR of 10.4% from 2016 to 2020, Indonesia at 9.6%, Singapore at 6.4%, and Malaysia at 2.8%.

New SAF institute to equip soldiers to respond to security threats

Singapore is building a military training facility known as the Singapore Armed Forces Training Institute City, southwest of Lim Chu Kang, to train solders for operations from homeland security to counter-terrorism. The project is expected to cost S$900 million over the next decade, delivering a strong stimulus for firms operating in the homeland security industry.

In addition, a new counter-terrorism training institution called the Island Defence Training Institute located in Clementi Camp was opened end-July this year, through which 18,000 active soldiers and national servicemen will be trained each year. Put together, this will further lift the homeland security industry's recurring income streams from training facilities maintenance.



An artist's impression of SAFTI City Sector 1

Source: MINDEF

An artist's impression of SAFTI City Sector 2

Source: MINDEF

Industry Overview

Abundant opportunities in the Middle East region

The slump in oil prices in recent years had reduced the Middle Eastern states' revenue and forced many to cut defence expenditure. However, according to Teal Group, national security and threat perception, rather than resource prices are the major reasons for defence expenditure. Put simply, while low oil prices might delay defence deals, it is unlikely to impact medium and long term defence expenditure. As such, we expect Middle East's future defence expenditure to expand at a robust pace amid elevated threats from Islamist militancy, sectarian violence and social unrest.

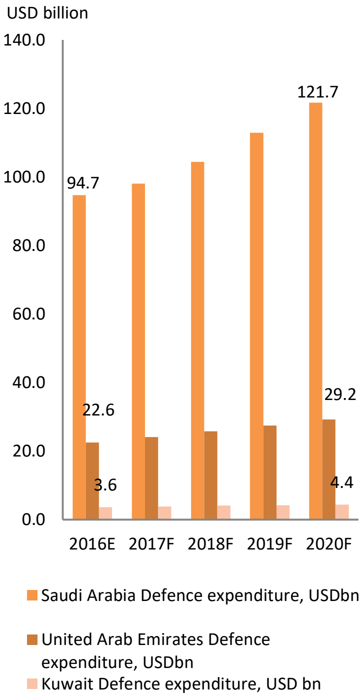
(i) Strong demand from elevated threat of terrorism
Middle East continues to suffer from high levels of terrorism with countries such as Iraq, Yemen and Egypt listed among the top ten nations on the Global Terrorism Index. MI5, the security service agency of UK, ranks most of the Middle East region as having a high risk of terror attack, with the exception of Cyprus, Iran, Oman and Qatar. In total, the Middle East region accounts for 11 of the 45 countries whereby a terror attack is very likely to be attempted. A study by Tel Aviv University's Institute for National Security Studies revealed that the number of suicide bombings rose 45% from 207 in 2015 to 298 in 2016, indicating potentially strong demand for homeland security products and services to deter against the rising trend of attacks.

(ii) Increase in security needs from major upcoming events
Over the past decade, the Middle East has played an increasingly influential role in global sports. For example, countries such as the United Arab Emirates and Qatar have become one of the leading sports destinations as a result of high-profile sponsorship deals, major sports property investments, successful bids for major events and increasing clout in world sport's corridors of power. Testament to their capability, Qatar will be hosting major events such as the UCI World Road Championships, 2019 World Athletics Championships, 2022 FIFA World Cup, and 2023 World Aquatics Championships; while the United Arab Emirates will be hosting the 2019 AFC Asia Cup. Apart from sport, the United Arab Emirates is also preparing to host Expo 2020.

Consequently, this creates the need for a stronger homeland security to not only host these events safely, but more importantly to maintain Middle East's reputation of being a safe place to host events. As an illustration, the United Arab Emirates' Security Industry Regulatory Authority had pledged to provide better training to improve the quality of security guards, and thus the level of security for Expo 2020.

Industry Overview

Middle East Defence Expenditure, 2016 - 2020



Source: BMI Research, SAC Advisors

(iii) Political unrest

The unsuccessful ceasefire in Syria, the enduring war in Yemen, and the political crisis in Libya were part of a never ending cycle of conflict in the region that has led to mass displacement, death, and infrastructure demolition. According to Global Peace Index 2017 report, the Middle East and North Africa was the least peaceful region in the world for the past three years, and it deteriorated further in 2017 due to existing conflicts in Syria and Yemen. Specifically, it registered the third largest regional deterioration after North America and Sub-Saharan Africa, attributable to a fall in peacefulness in 11 out of 20 countries (mainly in the Middle East). And this is likely to act as a key driver for the implementation of homeland security solutions by Middle Eastern States to ensure the safety of their citizens.

Regional Rank	Country	Overall Score	Change in Score	Overall Rank
1	Qatar	1.664	-0.062	30
2	Kuwait	1.909	0.055	58
3	United Arab Emirates	1.944	0.051	65
4	Tunisia	1.977	0.023	69
5	Oman	1.983	-0.033	70
6	Morocco	2.004	-0.082	75
7	Jordan	2.087	-0.027	95
8	Algeria	2.201	-0.014	109
9	Iran	2.364	-0.043	129
10	Bahrain	2.404	0.005	131
11	Saudi Arabia	2.474	0.136	133
12	Egypt	2.583	0.014	139
13	Israel	2.707	0.068	144
14	Palestine	2.774	-0.058	145
15	Lebanon	2.782	0.026	148
16	Sudan	3.213	-0.047	155
17	Libya	3.328	0.108	157
18	Yemen	3.412	0.013	159
19	Iraq	3.556	-0.014	161
20	Syria	3.814	0.008	163
Regional Average		**2.559**	**0.006**	

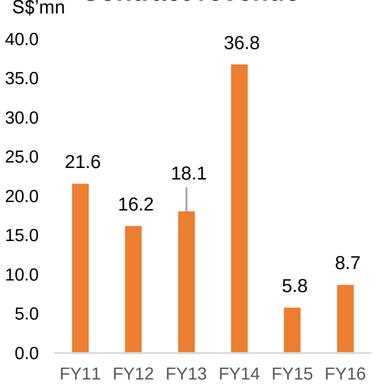
Source: Global Peace Index 2017, SAC Capital

All things considered, counterterrorism, major events and border security operations will help drive Middle East's defence expenditure. According to BMI, United Arab Emirate's defence expenditure (in terms of USD million) is expected to grow at a CAGR of 6.7% from 2016 to 2020, Saudi Arabia at 6.5%, and Kuwait at 5.1%. This would give the homeland security industry a boost.

Financial Summary

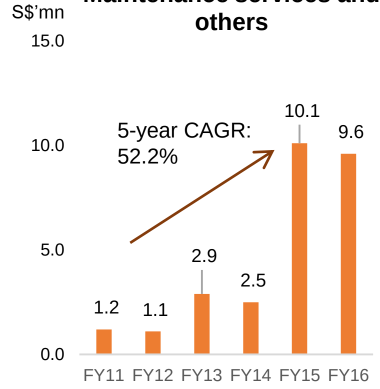
Revenue model

Contract revenue



Source: Company data, SAC Advisors

Maintenance services and others



Source: Company data, SAC Advisors

Range Maintenance

Source: Company data

- The core business can be broadly categorised into two business segments:

(a) Contract revenue: Revenue is recognised by reference to the stage of completion of the contract. This includes the firearm shooting ranges, and tactical training mock-ups, which tend to be lumpier in nature due to the stage of recognition.

Where the outcome of a contract work-in-progress can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

This segment accounted for 48% of total FY16 revenue.

(b) Maintenance services and others: Revenue from this segment is recognised upon the completion of the services rendered.

The management intends to increase the contribution of recurring income streams from maintenance services, which will raise earnings visibility to counterbalance the more lumpy nature of their two core project related businesses.

This segment grew at a CAGR of 52.2% from FY11 to FY16, and its contribution of revenue to the Group has increased over the years. In the latest FY16, total revenue from this segment accounted for 52.3% of total revenue.

Revenue Breakdown	FY11	FY12	FY13	FY14	FY15	FY16
Contract revenue	94.8%	93.4%	86.0%	93.6%	36.5%	47.7%
Maintenance services and others	5.2%	6.6%	14.0%	6.4%	63.5%	52.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company data, SAC Advisors

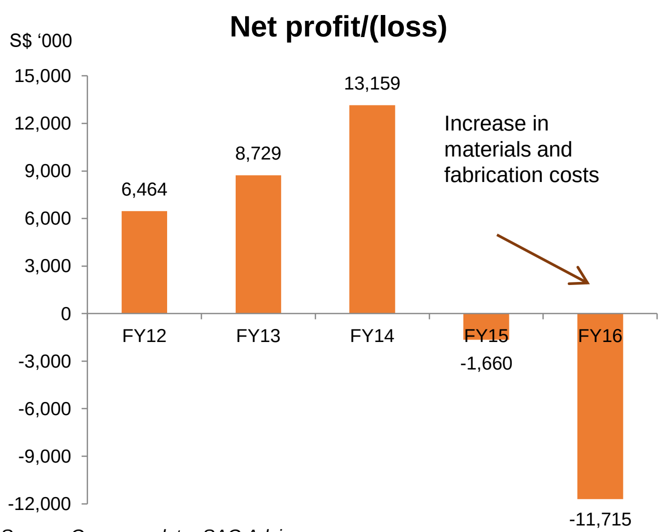
Financial Summary

Profitability dragged down by project delays

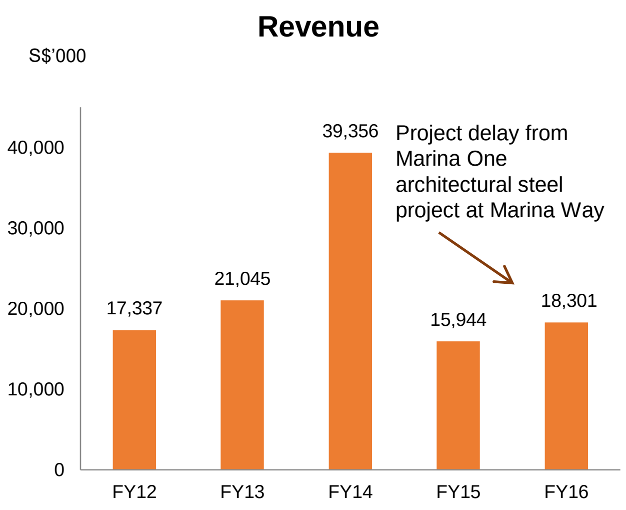
Starburst's revenue registered a sharp decline in revenue for FY15 as most of their projects were in the installation work phase, for which revenue recognition is typically lower. In addition, the firearm shooting ranges contracts that were secured in late FY2015 were also in the initial stages of the fabrication work phase, for which revenue recognition is lower as well.

Despite recording higher revenue recognition from projects in the highly intensive fabrication and installation work phases, the higher project and production costs stemming largely from the delays faced by the Marina One architectural steel project at Marina Way in Singapore impacted overall profitability.

Moreover, their financial performance would invariably still be affected by differences in revenue recognition resulting from the project-based nature of their business.



Source: Company data, SAC Advisors

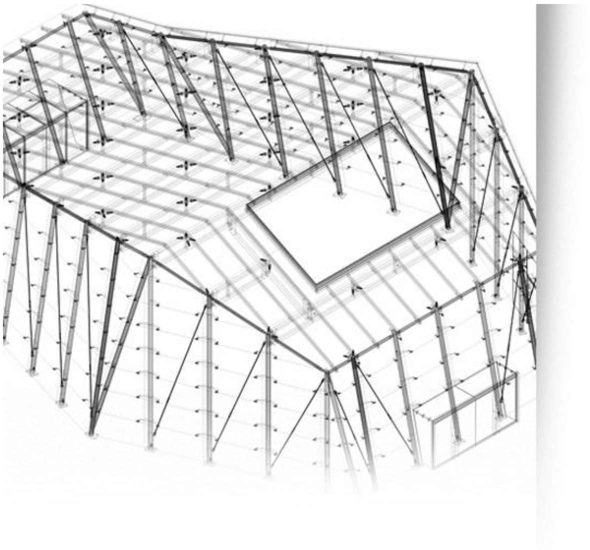


Source: Company data, SAC Advisors

Enhanced Capacity and Greater Efficiencies

Their new factory, which they purchased in 2015 is also fully operational in 2016. At a size of about three times their old factory, this will serve to alleviate one of the key operational bottlenecks they faced – insufficient floor space within their premises necessary for large scale fabrication works.

With the greater capacity afforded by the fully operational new factory, it dovetails with their intensive project work phases during FY2016 and also positions them well to take on more projects that are greater in size and complexity. The consolidation of their activities within a single factory also has the added advantage of improving their operational efficiencies.



Source: Company data

Management

Mr. Edward Lim Chin Wah is the Chairman and Executive Director. Mr. Lim is one of the founders of the Group. He is responsible for the overall management, strategic planning, technical and engineering activities of the Group. He has more than 30 years of experience in 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. Yap Tin Foo is the Managing Director and Executive Director, and is one of the founders of the Group. He is responsible for the overall operations, business development and client relationships of the Group. He has more than 25 years of experience in construction and project management. He graduated from the University of South Australia with a Bachelor of Building.

Samer Sidani is the Chief Executive officer of their Abu Dhabi representative office and is responsible for the management of the office as well as sales activities and project management in the Cooperation Council for the Arab States of the Gulf. Prior to joining the Group, he was the general manager – business development in 2011, where he was responsible for sales and marketing and held this position until 2013 before joining their Group. He graduated from the Lebanese University, Lebanon with a Degree of Higher Studies in Architecture.

Future Plans

Strategic partnership with Swiss Securitas Group

Starburst, and Swiss Securitas Group – an established total security company based in Switzerland, jointly announced on the 6th of June 2017 that both parties have entered into a binding business partnership agreement for future collaborations. As part of this strategic partnership, Starburst will provide services to Swiss Securitas Asia Pte. Ltd. Starburst anticipates that it will gain a footing in providing specialized "security by design" solutions, including a suite of comprehensive security risk assessment, security design and planning, blast mitigation, fire engineering, crisis management and business continuity management solutions in the Asia-Pacific and Middle East markets.

The Swiss Securitas Group will purchase 10 million vendor shares and 6 million warrants from two controlling shareholders, which will be about 5.1% equity stake in Starburst Holdings based on the enlarged share capital, and assuming full exercise of the warrants.

The Swiss Securitas Group, founded in 1907, is the single largest and most established total security company in Switzerland. The Group, headquartered in Zollikofen, Switzerland, is privately held with more than 15,000 employees in Switzerland, Europe and internationally.

Whereas, Swiss Securitas Asia Pte. Ltd. was established in 2008 and is part of the Swiss Securitas Group and provides professional Security Risk Consulting Services and Security Engineering solutions to clients from the government and private commercial sector in the Asia-Pacific region.

Key Risks

Revenue is dependent on non-recurring contracts
Their revenues are mainly derived from contracts which are project-based and such projects are non-recurring. For FY16, 47.7% of their total revenue was derived from project-based contracts. They operate in a competitive environment where it is difficult to predict when, or if at all, they will be awarded contracts as it often involves complex, lengthy negotiations and bidding processes. Cognisant of this, management has actively focused on increasing the contribution of revenue from maintenance projects, which are more predictable in nature.

Substantially all of their revenues are derived from government contracts
Historically, substantially all of their revenues were derived from government contracts entered into indirectly with governmental agencies in Southeast Asia and the Middle East. As a result of the concentration of their business with governmental agencies, their revenues, income and cash flows would be adversely affected if a significant number of their government contracts, sub-contracts or prospects are delayed or cancelled for budgetary or other reasons.

They may experience losses or variability in profits if costs increase above their estimates
As they conduct their business under various types of contractual arrangements where costs are estimated in advance. As their business is mainly project-based, it is important that they manage their projects efficiently.

Recent corporate developments

Placement exercise draws strong interests

Starburst announced that the Group has attracted strong interests from institutional funds and accredited investors, who collectively took up 12.4 million vendor shares at S$0.39 through a married deal, representing 5.02% of Starburst's issued and paid up shares.

The move is in line with the Group's strategy to institutionalise its shareholder base and increase market liquidity. Following the vendor shares sale, the collective shareholdings of the two founders will remain at a combined 70.97%

HY2017 results turn positive for two consecutive quarters

The Group registered a turnaround in net profit attributable to shareholders at S$0.6 million in HY2017 due mainly to a higher gross profit and lower operating and depreciation expenses, compared to a net loss of S$2.1 million in the previous corresponding period. During the last financial year, higher project and production costs stemming largely from the delays faced by the Marina One architectural steel project at Marina Way in Singapore impacted overall profitability. In the latest HY17, better management of project and production costs saw the Group's gross profit margin increased 37.7% to 45.8%, from 8.1% in HY2016.

Income Statement (S$'000)

	Fiscal Year Ended				
	FY12	FY13	FY14	FY15	FY16
Revenue	**17,337**	**21,045**	**39,356**	**15,944**	**18,301**
Other operating income	131	1,211	576	338	440
Project and production costs	(6,682)	(8.412)	(17,168)	(12,064)	(21,225)
Employee benefits expenses	(1,752)	(2,058)	(3,341)	(3,271)	(3,526)
Depreciation expense	(140)	(422)	(593)	(1,155)	(1,696)
Other operating expenses	(1,188)	(1,175)	(2,808)	(2,408)	(2,680)
Finance costs	(135)	(82)	(260)	(195)	(328)
Profit/(Loss) before tax	**7,641**	**10,107**	**15,762**	**(2,811)**	**(10,714)**
Income tax (expense) / benefit	(1,177)	(1,378)	(2,603)	1,151	(1,001)
Profit/(Loss) for the year	**6,464**	**8,729**	**13,159**	**(1,660)**	**(11,715)**
Profit/(Loss) attributable to owners of company	**6,468**	**8,729**	**13,159**	**(1,660)**	**(11,715)**
Earnings/(Loss) per share:					
-Basic (SG cents)	**2.59**	**3.49**	**5.88**	**(0.66)**	**(4.69)**
-Diluted (SG cents)	**2.59**	**3.49**	**5.88**	**(0.66)**	**(4.69)**

Balance Sheet (S$'000)

	Fiscal Year Ended				
	FY12	FY13	FY14	FY15	FY16
As at 31 Dec					
Cash and cash equivalents and fixed deposits	6,804	478	17,696	8,376	787
Trade and other receivables	2,719	10,478	13,398	5,998	10,110
Contract work-in-progress	2,273	10,595	15,982	7,409	3,761
Inventories	1,338	3,139	2,445	4,245	2,226
Property held for sale	-	-	-	-	6,935
Total current assets	**13,134**	**24,690**	**49,521**	**26,028**	**23,819**
Fixed deposits pledged	3,000	5,514	3,517	4,236	2,077
Prepayment	-	1,155	1,111	1,067	1,022
Property, plant and equipment	2,516	8,853	9,055	32,851	24,841
Total non-current assets	**5,516**	**15,522**	**13,683**	**38,221**	**27,940**
Total assets	**18,650**	**40,212**	**63,204**	**64,249**	**51,759**
Trust receipts, bank overdrafts and loans	273	3,208	107	644	1,120
Trade and other payables	1,245	3,837	5,886	2,450	2,960
Current portion of finance leases	86	86	86	86	86
Contract work-in-progress	-	282	-	-	201
Income tax payable	1,319	1,540	2,693	7	5
Total current liabilities	**2,923**	**8,953**	**8,772**	**3,187**	**4,372**
Bank loans	1,666	3,796	1,449	13,999	13,378
Finance leases	507	421	335	250	164
Deferred tax liabilities	-	1,161	1,176	-	-
Total non current liabilities	**2,173**	**5,378**	**2,960**	**14,249**	**13,542**
Share Capital	450	450	40,570	40,570	40,570
Reserves	-	5,218	(20,220)	(20,219)	(18,972)
Retained earnings	13,104	20,213	31,122	26,462	12,247
Total Equity	**13,554**	**25,881**	**51,472**	**46,813**	**33,845**

Cash Flow Statement (S$'000)

	Fiscal Year Ended				
	FY12	FY13	FY14	FY15	FY16
Profit/(Loss) before tax	**7,641**	**10,107**	**15,762**	**(2,811)**	**(10,714)**
Depreciation & amortisation	140	422	593	1,155	1,696
Change in working capital	4,163	(15,106)	(5,801)	10,728	563
Others	(1,068)	(2,122)	(1,525)	(2,734)	1,963
Net Cash (used in)/ from operations	**10,876**	**(6,699)**	**9,029**	**6,338**	**(6,492)**
Purchase of PPE	(96)	(472)	(799)	(24,951)	(983)
Others	224	(2,160)	(4,910)	6,290	2,194
Net Cash (used in)/ from investing	**128**	**(2,632)**	**(5,709)**	**(18,661)**	**1,211**
Net increase in equity	-	-	14,682	-	-
Net increase in debt	(294)	2,541	(2,924)	13,087	(644)
Others	(3,799)	(416)	(3,626)	(3,085)	(2,164)
Net Cash (used in)/ from financing	**(4,093)**	**2,125**	**8,132**	**10,002**	**(2,808)**

Ratios

	Fiscal Year Ended				
	FY12	FY13	FY14	FY15	FY16
Profitability (%)					
Gross profit/(loss) margin	61.5%	60.0%	56.4%	24.3%	(16.0%)
Operating profit margin	N/A	N/A	N/A	N/A	N/A
Profit/(loss) before tax margin (continuing ops)	44.1%	48.0%	40.0%	(17.6%)	(58.5%)
Liquidity (x)					
Current ratio	4.5	2.8	5.6	8.2	5.4
Quick ratio	4.4	2.7	5.6	8.1	5.3
Interest coverage ratio	N/A	129.2	61.8	n.m.	n.m.
Net Debt to Equity	Net cash	14.8%	Net cash	23.2%	41.3%
Valuation (x)					
P/S	6.1	5.0	2.7	6.6	5.7
P/E	16.3	12.0	8.0	n.m.	n.m.
Core P/E at target price	N/A	N/A	N/A	N/A	N/A
P/B	N/A	N/A	N/A	N/A	N/A
P/NTA	N/A	N/A	N/A	N/A	N/A
Cash Conversion Cycle					
Trade receivable days	87	115	108	207	146
Inventory days	N/A	N/A	N/A	N/A	N/A
Trade payable days	N/A	N/A	N/A	N/A	N/A
CCC days	N/A	N/A	N/A	N/A	N/A
Returns					
Return on equity	N/A	44.3%	34.0%	n.m.	n.m.
Return on capital employed	N/A	N/A	N/A	N/A	N/A
Dividend payout ratio	N/A	N/A	N/A	N/A	N/A

n.m.: not meaningful

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