



***Final Results  
For The Twelve Months Ended  
31 March 2010***

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- **Mr. Xiao Gang: Founder & CEO**
  - Over 16 years experience in the marketing, sales and manufacture of security surveillance solutions
  - Distributor of Sanyo CCTV product in China for 6 years before he founded BlueStar in 2000
  
- **Mr. Romeo Kwok: Senior VP & CFO**
  - Over 30 years experience in the market of security surveillance solutions
  - Vice President of Bosch Security for 8 years before joining BlueStar in 2008
  
- **Mr. Jeff Teo: Non-Executive Director of BlueStar**
  - Over 14 years of strategic planning and venture capital experience in the USA, China and Singapore
  - Non-Executive Director of Sinsoft Technology Plc, another AIM company
  
- **Ms. Antonia Ping: Company Secretary & Assistant to CFO**
  - Qualified ACCA Accountant with over eight years of accounting and management experience in UK and China
  - Familiar with IFRS, Chinese GAAP, AIM regulations and the financial systems

- Overview & Highlights
- Business Model
- Growth Strategy
- Trading Update
- Financial Performance
- Outlook & Summary

- One of the leading video network surveillance solution providers in China
- Incorporated on 9 June 2006, listed on AIM since June 2007 (AIM: BSST) and headquartered in Beijing with six sales and service centre branches and 27 regional sales offices
- Designs, develops, manufactures and markets proprietary video network surveillance solutions and through its core products, provides market leading, mission critical surveillance solutions to its clients
- Major customers in banking and finance throughout mainland China, including the Bank of China, China Construction Bank, and Agricultural Bank of China
- New revenue streams from surveillance Central Monitoring System (CMS) centres and new sectors including defence market of China

## Financial

- Revenue up 22% to RMB 192m (2009: RMB 157m)
- Profit before tax up 47% to RMB 31m (2009: RMB 20m)
- Earnings per share up 53% to 4.2p (2009: 2.8p)
- Dividend per share up 68% to 0.84p (2009: 0.50p)

## Operational

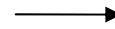
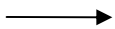
- Enlarged customer base and new innovative products to existing customers
- New marketing focus – dedicated sales teams and tailor made products for sectors including Defence
- Improved brand recognition – now seen as one of the most influential Digital Video Recorder (DVR) brands in China
- Leading R&D capability – innovating to protect and grow market share

## Post Year-end

- Acquisition of Ke-An in May 2010 for RMB 6.87 million providing access to new projects including cementing relationship with two major clients

	Surveillance Network Solutions	Surveillance CMS Services
Products & Services Offering	Digital Video Recorders (hardware)  Surveillance network systems total solutions (software & hardware)	Surveillance Command Centres  Site network build up
Customers	Banking & Finance	Police / Security Service
Markets	Tier 1 → Tier 2 & 3 Cities	Beijing → Shanghai & Guangzhou
Revenue Model	Product / Project	Recurring

Teller Counter or ATM



## Past (2000 – 2006)

- Developed and marketed DVR and network solutions
- Growing market share to 10% in chosen areas
- Focused on DVR systems in Tier 1 cities

## Present (2007 – now)

- Further developing and marketing DVR and network solutions
- Further growing market share to 30% in chosen areas
- Focusing on network solutions in Tier 1 cities
- Focusing on DVR systems in Tier 2 & 3 cities
- Starting to develop Surveillance Centre in the first city (Beijing)

## Future (now – 2013)

- Further growing DVR market share to 50% in chosen areas
- Growing IP network solutions market share
- Starting replacement cycle and IP network solutions for Tier 1 cities
- Starting to develop network solutions for Tier 2 & 3 cities
- Wholesale-Distribution to channel market

	FY 2010	FY 2009
<b>Revenue from</b>		
Banking sector	62.7%	75.0%
Non-Banking sector	37.3%	25.0%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue from</b>		
Tier 1 Cities	60.7%	74.1%
Tier 2 & 3 Cities	39.3%	25.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>



# Achievements in FY 2010

## **New contract wins**

- RMB 42m contract extended with Bank of China
- New contract signed with Agricultural Bank of China - nationwide

## **New area of market focus**

- Successfully bidding for Defence project
- Significant contract win with Tangshan Public Security Bureau

## **BlueStar**

## **Trendline**

- Ranked in “Deloitte Technology Fast 500 Asia Pacific companies” 3 year in a row
- Certified as one of “10 most influential DVR brands in China 2009” by China Public Security Magazine

## **Leading R&D Achievements**

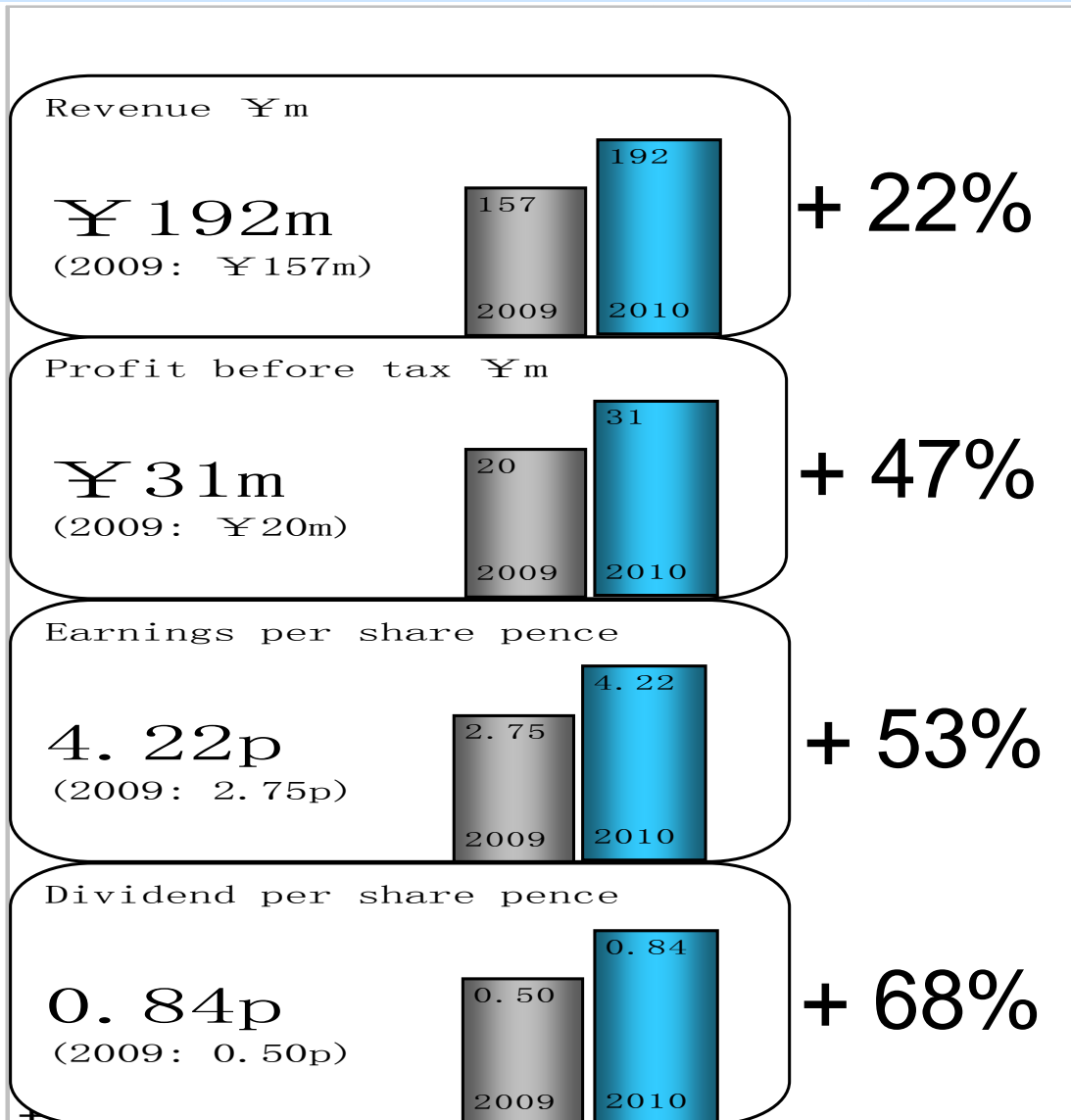
- Intelligent calculation, Face recognition
- Special feature to sports events, monitoring crowd unrest

## New Services – Surveillance command centres

- Initial Beijing surveillance centre with Kaiyuan Company fully operational since July 2009
- Kaiyuan is a sole security service provider for Beijing's financial sector and responsible for approximately 11,000 points
- Achieved recurring revenues with first payment received January 2010
- Currently over 350 outlets now connected with potential for 2011

- **Defence sector**
  - Leveraging BlueStar's technology expertise-Social unrest monitoring
  - Intelligent video analytical software and network total solution, tailored for the demands of the defence sector
  - First contract awarded, worth approximately RMB 8m
  - Other opportunities in defence and other government departments
  
- **Wholesale of Trendline products**
  - Through third party distributors, systems integrators, agents and own sales team
  - Provide DVR, DVS, Cameras to new markets
  - Potential higher volume and lower margin
  - R&D has been translated to products competition beating formula
  - Brand value satisfied customers trusted suppliers

# Financial Highlights



# Financials: Summary Income Statement

	12 months ended 31 March 2010	12 months ended 31 March 2009
	¥'000	¥'000
Revenue	191,771	157,231
Cost of sales	<b>(92,830)</b>	<b>(80,097)</b>
Gross profit	98,941	77,134
Other income	4,380	5,908
Selling and distribution expenses	<b>(37,020)</b>	<b>(32,095)</b>
Administrative expenses	<b>(35,635)</b>	<b>(30,129)</b>
Other operating expenses	<b>(392)</b>	<b>(1,294)</b>
Finance cost	<b>(106)</b>	<b>(52)</b>
Finance income	532	1,424
Profit before tax	30,700	20,896
Taxation	<b>32</b>	<b>(842)</b>
Profit for the period/year	30,732	20,054
<b>Earnings per ordinary share (pence)</b>		
Basic	4.22	2.75
Diluted	4.22	2.70

# Financials: Summary Balance Sheet



	<b>31 March 2010</b>	<b>31 March 2009</b>
	<b>¥'000</b>	<b>¥'000</b>
<b>Non-current assets</b>	<b>42,924</b>	<b>33,916</b>
<b>Inventories</b>	<b>24,324</b>	<b>23,490</b>
<b>Trade and other receivables</b>	<b>175,524</b>	<b>125,437</b>
<b>Cash and cash equivalents</b>	<b>73,449</b>	<b>85,245</b>
<b>Total assets</b>	<b>316,221</b>	<b>268,088</b>
<b>Total liabilities</b>	<b>50,844</b>	<b>29,369</b>
<b>Net assets</b>	<b>265,377</b>	<b>238,719</b>

## Receivables:

- Trade Debtor Turnover Days: 315 Days (2009: 263)
- Year end trade debtors increased due to higher than usual level of sales in the final quarter

## However:

- RMB 41m (25%) relate to longer term networking projects
- RMB 122m (74%) are with banking customers – historically no bad debts
- Dedicated credit control team now established reporting directly to finance department
- Wholesale products will be sold on a ‘cash on delivery’ basis

# Financials: Summary Cash Flow



	<b>31 March 2010</b>	<b>31 March 2009</b>
	¥'000	¥'000
<b>Cash and cash equivalents at beginning of the period</b>	<b>85,245</b>	<b>115,362</b>
<b>Add: Operating cash flows before movement in working capital</b>	40,164	30,107
<b>Less: increase in inventories</b>	(834)	(3,498)
<b>Less: Increase in trade and other receivables</b>	(51,824)	(38,546)
<b>Add: Increase in trade and other payables</b>	19,748	3,765
<b>Less: Net cash used in investing activities</b>	(13,951)	(12,395)
<b>Less: Dividends paid</b>	(4,074)	(9,550)
<b>Add: Net cash used from financing activities</b>	(1,025)	
<b>Cash and cash equivalents at the end of the period</b>	<b>73,449</b>	<b>85,245</b>

RMB 6m dividend would be paid out for FY 2010



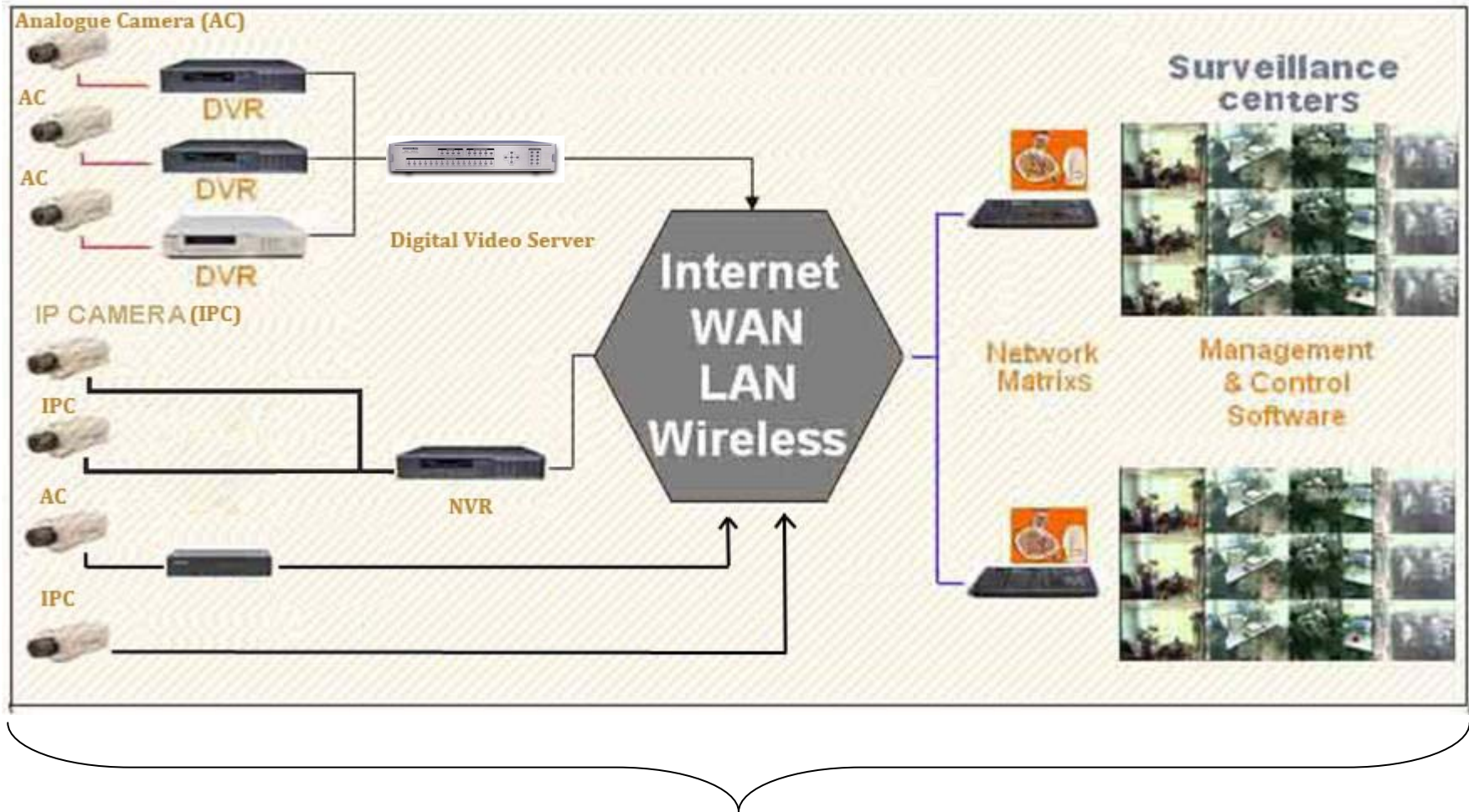
- Strong growth in the past year despite general economy
- Completion of successful projects in Banking, Defence sectors
- First recurring revenues received from Kaiyuan Project
- Number of new contracts expected in Tier 2 & Tier 3 cities and Defence sector
- Enhanced profit profile and continue to control trade debtors

# Appendix



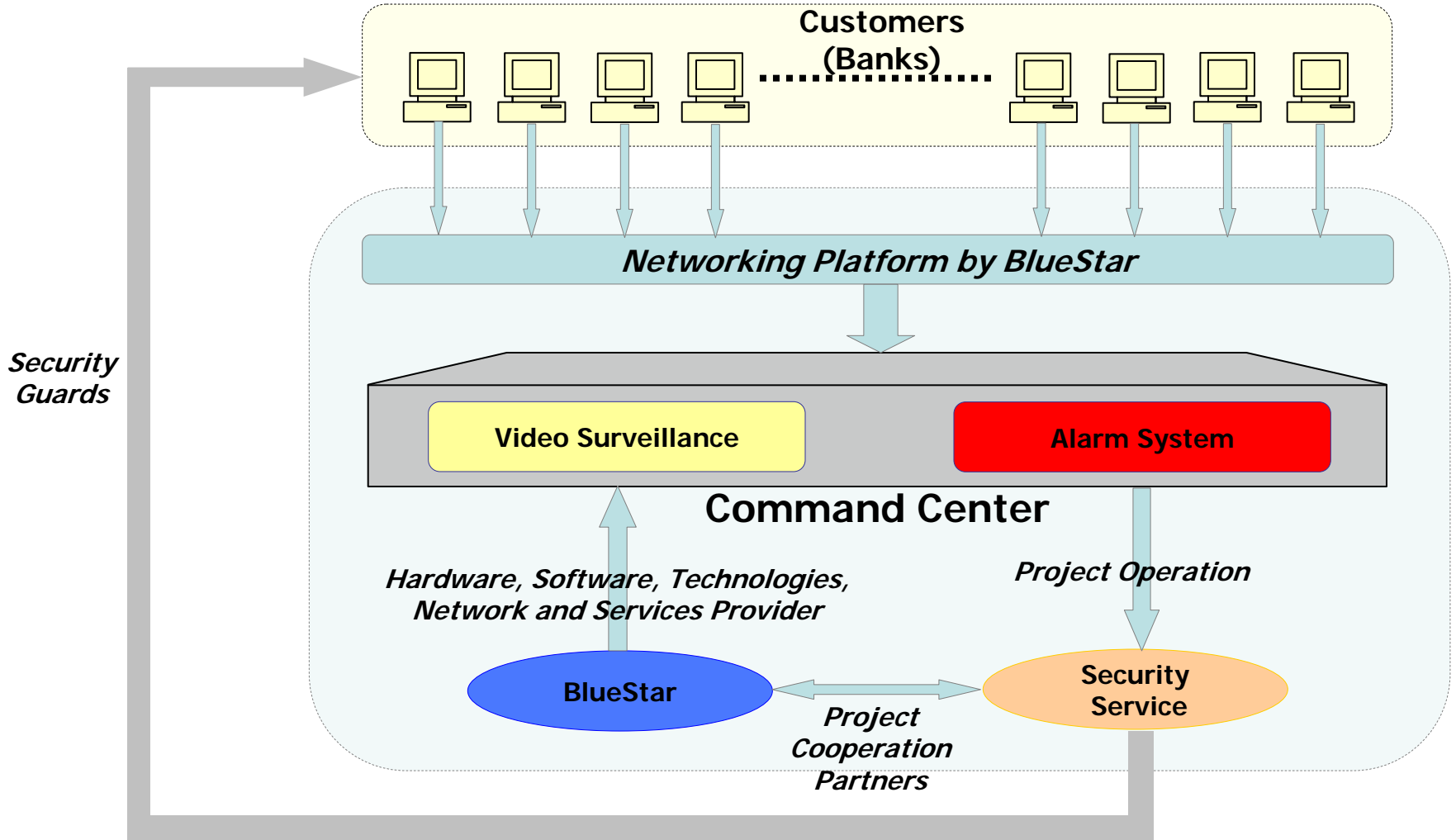
# Business Model: Surveillance Network Solutions

## Surveillance Locations



## BlueStar's Surveillance Network Solutions

# Business Model: Surveillance Services



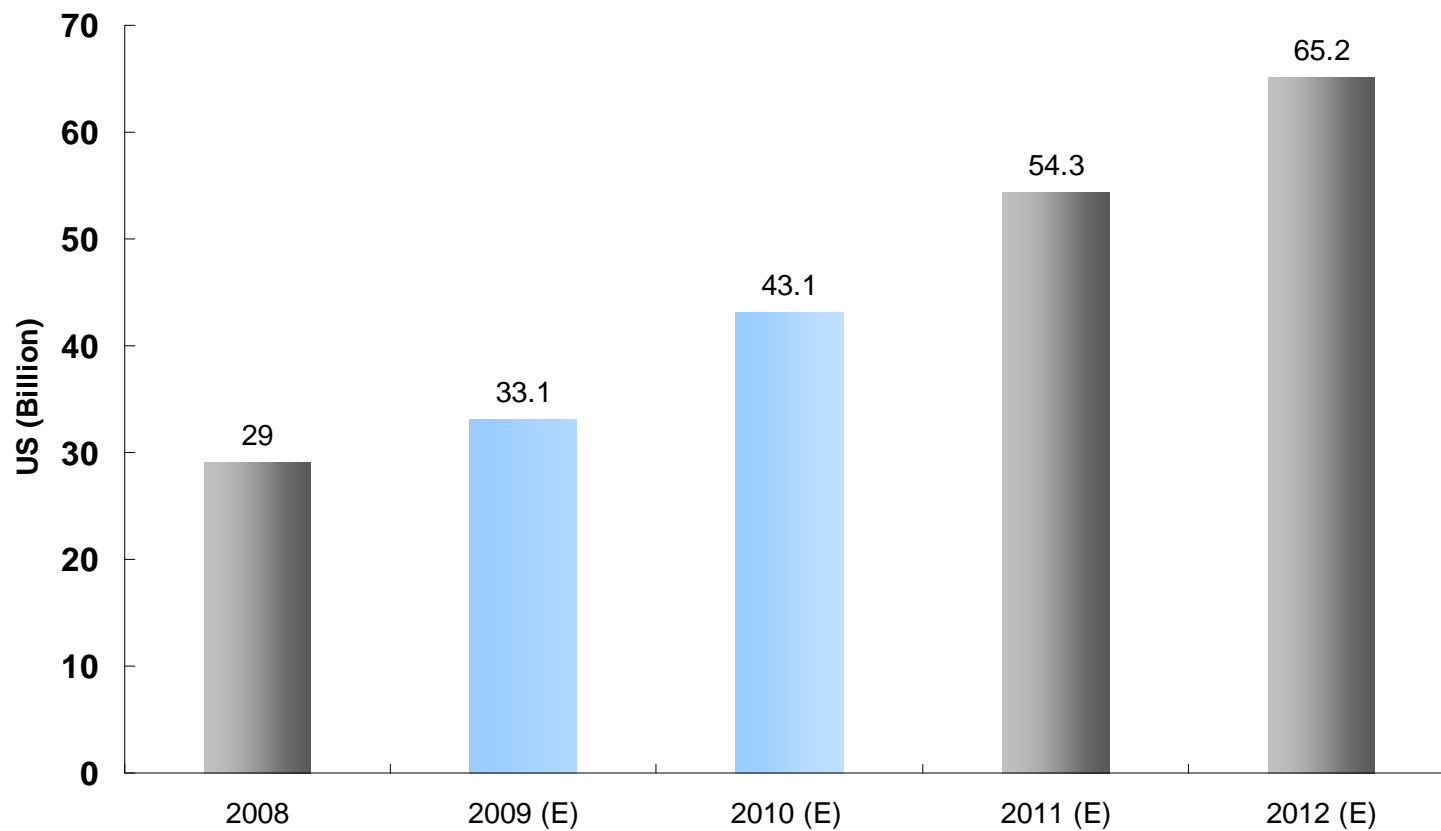
# BlueStar's Pan-China Sales Network



- 30 Sales and Service offices covering 90% of China's provinces
- 75% of revenue currently from Beijing, Shanghai, Guangzhou, Tianjin and Shenzhen.

- ★ HQ in Beijing
- 6 sales and service centres in key locations across China
- 27 new sales offices opened since the second half of 2007
- 528 employees

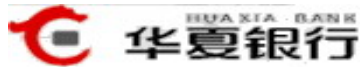
## Chinese Surveillance Market Scale



Source from: International Data Corporation

# Existing Financial Customers in Tier 1 Cities

- BlueStar works with Chinese and foreign banks, including:



Thank You

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