

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2016

- *Revenue increases 135.3% to S\$6.8 million due to higher revenue recognition of projects in design and fabrication work phases*
- *Records net loss attributable to shareholders of S\$0.4 million*
- *Ample headroom for growth with debt to equity ratio of 0.32 time*
- *Healthy level of enquiry from existing and potential new clients*

Singapore, May 12, 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 reported a 135.3% increase in revenue to S\$6.8 million and a net loss attributable to shareholders of S\$0.4 million for the three months ended March 31, 2016 (“**1Q2016**”). In comparison, the Group recorded revenue of S\$2.9 million and a net loss attributable to shareholders of S\$0.5 million in the previous corresponding period (“**1Q2015**”).

Starburst’s topline growth during the quarter was attributable to the higher revenue recognition of several projects that were in the design and fabrication work phases. These projects included the Marina One architectural steel project at Marina Way in Singapore and three firearm shooting range projects in the Middle East. In contrast, the Group’s projects in progress during 1Q2015 were largely in the final installation work phases in which revenue recognition was at a lower level.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “Due to the project-based nature of our business, it results in uneven revenue recognition depending on the milestones of each individual project. Our projects continue to be in progress, including the Marina One project which is anticipated to be completed by the second half of 2016.

“With our plans to move into our new and larger factory during 2016, this coincides with the current increase in fabrication activities of our existing projects. In addition, the new factory will serve us well into the future by consolidating our activities under one roof, as well as in improving our ability to execute larger projects, especially those with greater complexity.”

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst remarked, “During the quarter, we embarked on the operationally intensive phases of a number of our current projects, with the pace anticipated to remain so in the coming quarters. To mitigate the risks of cost pressures, we are cognisant of the need to strive towards securing projects with reasonable profit margins. Projects are closely monitored at each phase for smooth completion and ensuring that costs remain in check. Further, we constantly seek to fine-tune our operations and drive productivity to bring about greater cost efficiencies.”

Performance Review

In tandem with revenue growth, project and production costs rose 114.4% to S\$5.2 million, mainly as a result of the increased material and fabrication costs associated with the ramped up design and fabrication activities in 1Q2016.

Gross profit similarly improved, rising 220.0% to S\$1.6 million in 1Q2016 from S\$0.5 million in 1Q2015, while gross profit margin achieved an expansion of 6.3 percentage points to 23.5% during the quarter.

The improvement in gross profit was offset by a rise in employee benefit expenses, depreciation expenses, other operating expenses and finance costs; coupled with a decrease in other operating income. Notwithstanding higher expenses, Starburst recorded a net loss attributable to shareholders of S\$0.4 million in 1Q2016.

Starburst's cash and bank balances totalled S\$2.8 million while its debt-to-equity ratio remained conservative at 0.32 time as at 31 March 2016.

Outlook

According to IHS Jane's, Asia-Pacific's total annual defence expenditure is anticipated to reach US\$533 billion by 2020 from US\$435 billion in 2015, driven by increased territorial tensions in the region. Within Southeast Asia, the Philippines, Indonesia and Vietnam were among the top 10 countries that experienced the fastest defence budget growth in 2015¹. Closer to home, to step up efforts to counter terrorism, Singapore's Ministry of Defence has also announced that a "high density" mock city will be constructed to enable the armed forces to conduct "highly realistic" counter-terrorism training².

As for the Middle East, defence budgets are expected to be on an uptick amidst heightened security concerns across the region, particularly the Gulf States which are taking a more active position on regional security. For 2015, Saudi Arabia's defence expenditure was the highest within the region, at US\$46.3 billion³.

On enquiry levels for Starburst's products and services, Mr. Lim said, "Due to the nature of negotiations over specialised and sensitive defence-related projects that Starburst participates in, the gestation period of a favourable outcome usually takes an extended period of time. The enquiry level from potential clients in Southeast Asia and the Middle East continue to be healthy and we intend to remain engaged with these opportunities to bring them to fruition."

¹ *Military spending in Asia-Pacific to hit US\$533b in 2020: Report – Channel NewsAsia, February 23, 2016*

² *Soldiers to step up patrols, training to combat terror – Straits Times, April 8, 2016*

³ *Mideast Defense Spending Seen Flat Due to Oil by IHS Jane's – Bloomberg, February 23, 2016*

Mr. Lim also remarked, “Even as we seek projects to fit-out firearms-training facilities, our strategy to grow our base of recurring income through maintenance contracts remains a key focus. In the area of security and detention facilities, by leveraging on our engineering expertise, a related maintenance project was secured in 2015. Going forward, we believe Starburst is well-positioned to tap on the potential demand and the securing of further maintenance projects can serve to expand our stream of recurrent income.”

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 1Q2016 results announcement released on May 12, 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

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