

NEWS RELEASE

STARBURST REGISTERS STRONG PERFORMANCE FOR THE FULL YEAR ENDED DECEMBER 31, 2014

- **Revenue increases 87.6% to reach S\$39.4 million and net profit increases 51.7% to S\$13.2 million**
- **Strong balance sheet with debt to equity ratio of 0.04**
- **Proposes a final dividend of 1.2 cents per ordinary share**

Singapore, February 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 reported that net profit attributable to shareholders rose 51.7% to S\$13.2 million for the full year ended December 31, 2014 (“**FY2014**”), from S\$8.7 million in the previous corresponding year (“**FY2013**”).

The increase was achieved on the back of strong revenue growth of 87.6% or S\$18.4 million to S\$39.4 million in FY2014 from S\$21.0 million in FY2013. This was mainly attributable to the commencement of fabrication and installation works for two firearm shooting range projects, one of which is in Southeast Asia and the other in the Middle East, as well as one tactical training mock-up project in Southeast Asia. These projects were largely in the design work phase in FY2013 and there were more fabrication and installation works carried out in FY2014 as compared to FY2013.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “We are glad to have finished FY2014 by achieving a strong set of financial results. Despite so, we recognise that it is imperative to continually improve and grow Starburst’s operations through organic means as well as through selective acquisitions and strategic partnerships. These strategic directions will be fundamental in maintaining our status as a key player in the industry.”

Added Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, “In FY2014, the firearm shooting ranges business segment remains as Starburst’s largest revenue contributor at 76.4% of total revenue while the tactical training mock-ups segment contributed 17.0%. To increase Starburst’s earnings visibility, we intend to continue building our recurring income streams through our maintenance services business segment which currently contributes 6.3% of FY2014’s revenue. A key strategy includes leveraging on our established network of contacts and goodwill built among existing and potential customers to increase the penetration of our key markets in Southeast Asia and the Middle East.”

Performance Review

In tandem with FY2014’s 87.6% increase in revenue to S\$39.4 million, the Group’s project and production costs rose by 104.8% or approximately S\$8.8 million, mainly as a result of the higher material and fabrication costs for projects incurred during the fabrication and installation work phases in FY2014.

Gross profit correspondingly increased by 76.2% or approximately S\$9.6 million from S\$12.6 million in FY2013 to S\$22.2 million in FY2014 while gross profit margin declined marginally by 3.7 percentage points from 60.0% to 56.3%.

Operating expenses rose by 81.1% or S\$3.0 million from S\$3.7 million in FY2013 to S\$6.7 million in FY2014 largely due to one-off IPO expenses and related listing fees amounting to S\$1.2 million, higher employee benefits expenses of S\$1.3 million as well as directors' fees and performance bonus. Employee benefits expenses increased mainly as a result of additional staff hired at Starburst's Abu Dhabi representative office in the Middle East as well as an annual increment exercise and bonuses for staff.

With the Group's strong top line performance, net profit rose 51.7% from S\$8.7 million in FY2013 to S\$13.2 million in FY2014. Excluding the S\$1.2 million one-time IPO expenses and related listing fees incurred during FY2014, net profit would have risen to S\$14.4 million. However, even after including the one-time IPO expenses and related listing fees, earnings per ordinary share registered an increase to 5.26 cents in FY2014 compared to 3.49 cents in FY2013.

Mr. Yap said, "To broaden our revenue base, we are also seeking growth in areas such as specialised architectural steel works. To that end, we have secured a S\$11.8 million contract in February 2015 for the supply, fabrication, delivery, installation and warranty of facade steelworks for the Marina One project at Marina Way in Singapore."

"We intend to undertake contracts such as the Marina One architectural steelworks project only on a selective basis as Starburst's core focus continues to be in the design and engineering of firearms-training facilities. On that front, we also secured contracts in February 2015 totaling about S\$2.5 million to undertake ballistic protection works to a firearm training facility in the Middle East."

As at December 31, 2014, the Group maintained a strong balance sheet with cash and bank balances of S\$17.7 million and debt to equity ratio of 0.04.

Dividend

The Board of Directors has recommended a tax exempt one-tier final dividend of 1.2 cents per ordinary share, amounting to a total dividend payout of S\$3.0 million.

Mr. Lim commented, “During our initial public offering, we declared our intention to pay out at least 20% of Starburst’s FY2014 profit after tax in dividends. With the Board’s proposed dividend which translates to a payout ratio of 22.7%, we are glad to reward our loyal shareholders for placing their faith in the Group and to also share the fruits of our labour in light of our good financial performance.”

Industry Outlook

According to IHS Jane’s, the defence expenditure in Asia Pacific as well as the Middle East and North Africa region is set to grow to US\$547.1 billion and US\$155.3 billion respectively by 2020, up from US\$415.6 billion and US\$140.2 billion respectively in 2014¹. This puts Asia Pacific on the map as the fastest growing defence expenditure market globally¹. The future development and repercussions surrounding crises in Ukraine and the emergence of the Islamic State will likely have a sizeable impact on the trends of defence expenditures going forward¹.

In the immediate near-term, Asia Pacific continues to be the key driving force behind future defence spending growth, with defence expenditure expected to accelerate to 4.8% in 2015 compared to 3.3% in 2014.

Mr. Lim added, “With our key markets situated within Asia Pacific and the Middle East, we anticipate Starburst to benefit from the trend of rising defence expenditures and the sizeable proportion of demand likely to arise.

¹ IHS Jane's Defence Budgets - Analysis: Five Key Global Defence Budget Trends for 2015, December 15, 2014

“In recent months, there has been a rise in security and terrorism threats globally, particularly with the Charlie Hebedo shooting and the Paris hostage crisis in France. With these developments, awareness among government agencies on the necessity to provide highly sophisticated and safer firearms training facilities has increased. Backed by a solid track record of 15 years of experience in the Engineering and Construction of Training Facilities industry, Starburst is well positioned to capitalise on these trends and opportunities.”

This press release should be read in conjunction with Starburst’s FY2014 results announcement released on February 12, 2015 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 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

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