

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR THREE MONTHS ENDED MARCH 31, 2015

- ***Registers revenue of S\$2.9 million and net loss of S\$0.5 million***
- ***Secures three contracts worth a total of S\$21.4 million during the quarter***
- ***Healthy balance sheet with cash and bank balances of S\$19.8 million and debt to equity ratio of 0.04 time***

Singapore, May 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 revenue of S\$2.9 million and a net loss attributable to shareholders of S\$0.5 million for the three months ended March 31, 2015 (“**1Q2015**”), compared to revenue of S\$13.5 million and net profit attributable to shareholders of S\$6.1 million recorded in the previous corresponding period (“**1Q2014**”).

Revenue is recognised on a percentage-of-completion method and typically, a larger proportion of revenue is recognised in the fabrication work phase as opposed to the installation work phase. There was a larger proportion of revenue recognised in the fabrication work phase in 1Q2014, as compared to the installation work phase in 1Q2015, which contributed to the decrease in revenue this quarter.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “With our existing projects’ installation works currently completed or in the final stages of completion, we now look forward to continuing works started on our newly-secured projects as we move into the second quarter of 2015. We expect to commence fabrication works on the newly secured projects in the later part of 2Q2015, which are currently in the design phase.

“The drive to expand Starburst’s maintenance services portfolio remains our key focus. With the increasing recognition by existing and potential customers on the importance of partnering with reputable maintenance service providers to preserve their firearms-training facilities’ operational efficiencies, this will bode well for Starburst to capitalise on opportunities to further build up our recurring maintenance services business.”

Added Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, “During the quarter, we secured a number of projects, one of which was the five-year maintenance service contract for security and detention facilities in Southeast Asia worth S\$7.1 million that will provide a stream of recurring income for Starburst. In addition, we also secured a S\$11.8 million contract for the supply, fabrication, delivery and warranty of facade steelworks for the Marina One project in Singapore.

“Another contract win for us was the S\$2.5 million project secured in February 2015 to undertake ballistic protection works to a firearms-training facility in the Middle-East. Going forward, these contracts will provide greater revenue visibility and when successfully completed, act as platforms to showcase our strong track record and cement our reputation among existing as well as potential customers.”

Performance Review

In line with the 78.8% decrease in revenue to S\$2.9 million during the quarter, the Group recorded a 50.9% decline in project and production costs to S\$2.4 million from S\$4.9 million in 1Q2014. This was primarily attributable to the projects' lower material and fabrication costs associated with the nearing of completion of installation in 1Q2015 as compared to the higher costs incurred on the greater intensity of fabrication and installation works in 1Q2014.

Correspondingly, gross profit was lower by 94.5% or approximately S\$8.2 million at S\$0.5 million in 1Q2015 as compared to S\$8.6 million in 1Q2014. The Group's gross profit margin decreased to 16.4% during the quarter from 63.8% in 1Q2014.

The Group registered a net loss attributable to shareholders of S\$0.5 million during the quarter, a decline from a net profit attributable to shareholders of S\$6.1 million in 1Q2014. Net cash from operating activities increased from a cash outflow of S\$3.0 million in 1Q2014 to a cash inflow of S\$2.2 million in 1Q2015.

As at March 31, 2015, the Group's balance sheet remained healthy with cash and bank balances of S\$19.8 million and debt-to-equity ratio of 0.04 time.

Outlook

Globally, military spending is estimated to reach US\$1.6 trillion in 2015, about 6% lower than the US\$1.7 trillion¹ recorded in 2014. However, the level of defence expenditure in Asia is anticipated to continue increasing and within Southeast Asia, it has risen by approximately 150% in the last ten years which translates to an annual growth rate of about 11%².

¹ *Global defense industry set for bleak 2015 – CNBC, December 16, 2014*

² *Speech by Dr Ng Eng Hen, Minister for Defence, at Committee of Supply Debate 2015 – Ministry of Defence, Singapore, March 6, 2015*

Within the Middle-East, Saudi Arabia – one of the world’s next three highest spenders on defence after the United States, increased its defence spending by 17% to reach US\$80.8 billion in 2014³.

Mr. Lim added, “With the rise in security challenges around the world including the rise of the Islamic State and the unrest festering in Ukraine, Starburst’s expertise in the design and engineering of firearms-training facilities is increasingly in demand. We have also received a good level of enquiries from potential customers in our key markets of Southeast Asia and the Middle-East for our products and services.

“Due to 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 projects’ individual size, scope and completion schedule. As such, our overall revenue for each period may fluctuate accordingly.

“Looking ahead, we anticipate the securing of additional new contracts in the coming quarters. To facilitate this, a key corporate development undertaken during the quarter was our proposed acquisition of a leasehold property in Tuas, Singapore, for S\$22.4 million. When concluded, this strategic move will bring about a multitude of benefits to Starburst. By consolidating our operations into a single bigger premise with a land area of approximately 8,805.6 square metres, it will provide us the opportunity to achieve higher overall productivity as well as increase our fabrication efficiency and capacity to simultaneously undertake larger projects.”

This press release should be read in conjunction with Starburst’s 1Q2015 results announcement released on May 12, 2015 to the Singapore Exchange.

³ *China, Russia boost defence spending – Straits Times, April 14, 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 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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The contact person for the Sponsor is Mr. Koh Boon Pin, Vice President, Capital Markets, DBS Bank Ltd., at 12 Marina Boulevard Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, telephone +65 6878 8888.

ISSUED ON BEHALF OF : Starburst Holdings Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Dolores Phua / Ms Amelia Lee
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9781-3518 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
amelia.lee@citigatedrimage.com

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