

NEWS RELEASE

STARBURST ACHIEVES A GOOD SET OF PERFORMANCE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

- ***Revenue and net profit more than triple with major contributions from projects in Southeast Asia and the Middle East***
- ***Q32014 net profit includes a one-time IPO expense of S\$1.2 million***
- ***Strong balance sheet with low debt to equity ratio of 0.1 time***

Singapore, November 12, 2014 – 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 profit attributable to shareholders increased 245.2% to S\$10.7 million for the nine months ended September 30, 2014 (“**9M2014**”), from S\$3.1 million in the previous corresponding period (“**9M2013**”).

This was achieved on the back of strong revenue growth of S\$20.3 million or 233.3% to S\$29.0 million in 9M2014, from S\$8.7 million in 9M2013, which was primarily due 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 mostly in the design work phase in 9M2013 and there were more fabrication works carried out during the period as compared to 9M2013.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst commented, “We are pleased to have delivered another set of good financial performance post-listing. The listing has raised our profile and further strengthened our position amongst customers in both Southeast Asia and the Middle East, and we will leverage on that to actively look for opportunities in these key markets where we see good growth potential.

“As one of few players with in-house integrated solutions, track record and experience that meet the requirements of government bodies, we are well-placed to provide specialised, customised solutions to create a safer firearm training environment for our customers.”

Added Mr Jonathan Yap (叶鼎富), Managing Director of Starburst, “At the same time, with increasing complexity of firearm shooting ranges driven by sophistication to cope with more rigorous trainings and higher caliber of firearms used, we have noted a greater emphasis by users on working with reputable specialist industry players with the relevant technical know-how for maintenance to extend the operational efficiency of these ranges.

“We have recently secured a S\$3.2 million contract to provide comprehensive services for the maintenance of certain firearm shooting ranges in Southeast Asia for a period of three years up to June 2017. This will provide a good recurring income to complement our design, fabrication and installation solutions for firearms-training facilities and tactical training mock-ups.”

Performance Review

In line with strong revenue growth in 9M2014, project and production costs increased by approximately S\$7.5 million, primarily due to the increase in material and fabrication costs for projects carried out in the fabrication and installation work phases in 9M2014.

Hence, gross profit increased by approximately 241.5% from S\$5.3 million in 9M2013 to S\$18.1 million in 9M2014 and gross profit margin improved by 1.5 percentage points to 62.4% in 9M2014 from 60.9% in 9M2013.

Net cash from operating activities also rose from a cash outflow of S\$2.7 million in 9M2013 to a cash inflow of S\$7.6 million in 9M2014. Overall, Starburst maintained a strong balance sheet with low debt to equity ratio of 0.1 time and net current assets of S\$40.3 million as at September 30, 2014.

With the increase in net profit attributable to shareholders to S\$10.7 million in 9M2014 from S\$3.1 million in 9M2013, net profit margin increased to 36.9% in 9M2014 from 35.6% in 9M2013.

Industry Outlook

In Southeast Asia, defence spending in these nations has grown by a CAGR of 5.4% from 2008 to 2012¹. With positive growth in Southeast Asia, countries are building up military capabilities, with a focus on better protection of their critical infrastructure and assets, especially the shipping lanes, ports and maritime boundaries that are critical to exports and supply chains. They also seek to defend their territorial integrity in the context of a fast changing security landscape².

Conscription and changing demographics in the Gulf Cooperation Council, major global and regional events as well as infrastructure spending, are expected to drive growth in the Engineering and Construction of Training Facilities (“**ECTF**”) industry in the Middle East. Saudi Arabia and Oman have rapidly been increasing their defense budgets since 2011, one of the reasons global military spending will rise again this year. Amongst the top 10 of fastest-growing defense markets, six countries are from the Middle East, according to HIS Jane’s Annual Defence Budgets Review³. Apart from Saudi Arabia and Oman, they include Iraq, Bahrain, United Arab Emirates and Algeria.

¹ *Stockholm International Peace Research Institute Military Expenditure database, February 2014*

² *McKinsey Innovation Campus Aerospace and Defense Practice, February 2014*

³ *HIS Jane’s Aerospace, Defence & Security, February 2014*

Mr. Lim added, “Starburst plans to leverage on our strengthened market standing to actively pursue business opportunities in key markets in Southeast Asia and the Middle East. To tap on growth in these regions, we plan to increase our existing fabrication efficiency and capacity through acquisition or expansion. At the same time, we are working on expanding our portfolio of maintenance services contracts to grow our recurring income.”

This press release should be read in conjunction with Starburst’s 9M2014 results announcement released on November 12, 2014 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

*This news release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, DBS Bank Ltd. (“**DBS Bank**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

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