

NEWS RELEASE

**STARBURST ANNOUNCES RESULTS FOR
THE HALF YEAR ENDED JUNE 30, 2016**

- ***Revenue rises 111.1% to S\$14.8 million due to higher revenue recognition of projects in fabrication and installation work phases***
- ***Registers net loss attributable to shareholders of S\$2.1 million***
- ***S\$7.7 million five-year contract secured in May 2016 expands the order book***
- ***Discussions and negotiations with potential clients remain underway; enquiries remain strong amidst spate of terrorist attacks globally***

Singapore, August 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 111.1% rise in revenue to S\$14.8 million and a net loss attributable to shareholders of S\$2.1 million for the half year ended June 30, 2016 (“**HY2016**”). Comparatively, the Group’s revenue during the previous corresponding period (“**HY2015**”) was S\$7.0 million, while net loss attributable to shareholders was S\$1.9 million.

In HY2016, the Marina One architectural steel project at Marina Way in Singapore and three firearm shooting range projects in the Middle East were primarily in the fabrication and installation phases. During these phases, due to the higher revenue recognition of projects based on percentage-of-completion, this led to the increase in revenue during HY2016. In comparison, most projects during HY2015 were in the final installation work phase, in which revenue recognition was lower.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “While our revenue increased significantly for HY2016, we recognise that as our business is project and contract-based with differing completion schedules, it will result in fluctuating quarterly revenue levels. We are pleased to have made progress in securing new projects, having won a S\$7.7 million contract in May 2016 for the supply and/or installation of entry training equipment for a firearm shooting ranges facility in Southeast Asia. Spanning over five years, the contract will expand our order book.”

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst remarked, “Four of our projects have now entered into higher intensity work phases and we anticipate to remain operationally busy over the next few months. Good progress has been made on the S\$11.8 million Marina One architectural steel project and delays notwithstanding, we expect to complete the project during the second half of the year. We will continue to manage our cost structure prudently and monitor the progress of our projects so as to complete them efficiently.”

Performance Review

During the half year, mainly as a result of the additional costs incurred in fabrication and installation work phases relating to the Marina One architectural steel project, and design and fabrication costs for the three firearm shooting range projects in the Middle East, project and production costs grew 114.3% to S\$13.5 million.

Starburst’s gross profit correspondingly improved, increasing 81.3% to S\$1.3 million in HY2016. However, the additional costs associated with the Marina One project led the Group’s gross profit margin to contract by 1.9 percentage points to 8.1% in HY2016.

Overall, the Group registered a net loss attributable to shareholders of S\$2.1 million in HY2016 due to the impact from higher operating costs, including employee benefit expenses, depreciation expenses and other operating expenses, as well as an increase in finance costs. Starburst also recorded lower other operating income during the half year. In comparison, Starburst's net loss attributable to shareholders in HY2015 was S\$1.9 million.

As a result of higher working capital requirements given the increased activity of the projects' work phases, Starburst's cash and bank balances as at June 30, 2016 amounted to a lower level of S\$1.0 million, down from S\$8.4 million as December 31, 2015. The Group's debt-to-equity ratio remained healthy at 0.38 time as at June 30, 2016.

Outlook

IHS Jane's has forecasted defence budgets in the Asia-Pacific region to continue growing. The region's budget is expected to increase 23% to US\$533 billion annually by 2020. In 2015, several Southeast Asia countries saw a substantial boost in the defence budgets, namely Indonesia, the Philippines and Vietnam, which rose by 16%, 25% and 7.6% respectively¹. For 2016, Singapore, which has the largest defence budget in Southeast Asia, has separately unveiled its defence budget of US\$10.2 billion for the year – a 6.4% rise over 2015. This represents the fastest rate of growth in the country since 2011².

Within the Middle East, while lower oil prices have led to a decline in the region's oil revenue and corresponding defence budgets, expenditures continue to be significant, with Saudi Arabia's 2015 defence spending being the largest at US\$46.3 billion. As for the United Arab Emirates, IHS Jane's anticipates defence expenditures between 2016 and 2020 to be in the range of US\$19.1 billion to US\$22.1 billion³.

¹ *Defence firms swoop in as Asia goes on spending spree – Straits Times, June 2, 2016*

² *Singapore increases defence budget 6.4% to SGD13.97 billion – IHS Jane's – March 29, 2016*

³ *Regional Focus – Middle East and Africa – IHS Jane's – June 13, 2016*

Mr. Lim remarked, “We have continued to receive strong interest from government security agencies for Starburst’s specialised products and services. Discussions and negotiations with potential clients remain underway. This is particularly so, in light of the prevalent security concerns following the recent spate of terrorist attacks across the world in 2016, including Germany, France, Turkey, Bangladesh and Indonesia. Other than our highly specialised firearms-training facilities, we have also received healthy levels of enquiries on high security and detention facilities, which we have strong expertise in.

“For greater prudence, we have recently embarked on a rights issue of warrants to raise equity capital from our shareholders as a buffer for business expansion, potential corporate developments and for working capital purposes. The rights issue of warrants will also enable our existing shareholders to further participate in Starburst’s growth.”

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 HY2016 results announcement released on August 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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August 12, 2016