

NEWS RELEASE

STARBURST REPORTS RESULTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

- ***Revenue grows 14.8% to S\$18.3 million due to higher revenue recognition of projects in fabrication and installation work phases***
- ***Records net loss attributable to shareholders of S\$11.7 million, mainly attributable to additional costs incurred and foreseeable losses provided for the unexpected delay of the Marina One project***
- ***Proposed disposal of leasehold property to reap S\$7.0 million in proceeds to increase working capital for future projects***
- ***Sound balance sheet, with debt to equity ratio at 0.4 time***
- ***Proposes final dividend of 0.25 cent per ordinary share***

Singapore, March 1, 2017 – 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 its results for the financial year ended December 31, 2016 (“**FY2016**”). The Group registered a 14.8% increase in its revenue to S\$18.3 million and a net loss attributable to shareholders of S\$11.7 million during FY2016. In comparison, Starburst recorded revenue of S\$15.9 million and a net loss attributable to shareholders of S\$1.7 million in the previous corresponding period (“**FY2015**”).

As the Group largely focused on projects in the highly intensive fabrication and installation work phases in FY2016, it translated to higher revenue recognition based on percentage-of-completion and contributed to the corresponding rise in overall sales for the financial year. FY2015, on the other hand, had most projects in the final phase of installation works which led to lower project revenue recognition.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “Our new factory acquired in 2015 is now operational, dovetailing with our busy schedule of managing a number of projects in FY2016. These included the Marina One architectural steel project at Marina Way in Singapore as well as three firearm shooting range projects in the Middle East. We are glad to have also secured a five-year contract worth S\$7.7 million for the supply and/or installation of entry training equipment for a firearm shooting range facility in Southeast Asia during the year.

“With our new factory being three times bigger than our old one, we are now well-placed to take on larger and more complex projects. In addition, the consolidation of our activities under one roof serves to enhance our operational efficiencies.”

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst remarked, “While our financial performance was ultimately impacted by costs resulting from the unforeseen delay of the Marina One project, we have taken active steps to keep these related-costs in check. In addition, we have also prudently provided for potential foreseeable losses relating to the project.

“During the year, we entered into an agreement to sell our old factory at 6 Tuas West Street in Singapore for S\$7.0 million. With this disposal, it will free up capital and reduce our bank borrowings, while providing funds for working capital purposes. To further shore up our balance sheet and provide flexibility to capitalise on strategic business opportunities that may arise, we have also embarked on a rights issue of warrants.”

Performance Review

An increase in fabrication and installation expenses coupled with the provision of foreseeable losses for the Marina One project, and material and fabrication costs for the firearm shooting range projects in the Middle East, led project and production costs to rise by 75.9% to S\$21.2 million in FY2016 from S\$12.1 million in FY2015.

The impact from higher project and production costs led the Group to register a gross loss of S\$2.9 million in FY2016 from a gross profit of S\$3.9 million in FY2015.

On an overall basis, operating expenses grew by S\$1.1 million to S\$7.9 million during the financial year. This was primarily attributable to a rise in depreciation expenses due to fixed assets purchases, staff costs as well as expenses incurred on Starburst's new leasehold property at 6 Tuas View Circuit.

Consequently, the rise in costs as discussed above, coupled with an increase in finance and income tax expenses, led Starburst to register a net loss attributable to shareholders of S\$11.7 million for FY2016.

Higher working capital requirements due to the higher intensity of the projects' work phases resulted in a S\$7.6 million dip in cash and bank balances to S\$0.8 million as at December 31, 2016. Starburst's debt-to-equity ratio stood at 0.4 time as at the financial year-end.

Dividend

To reward shareholders for their steadfast support in Starburst, a tax exempt one-tier final dividend of 0.25 cent per ordinary share has been recommended by the Board. The proposed dividend represents a dividend payout of approximately S\$0.6 million.

Outlook

The growing international demand for defence and military products is expected to contribute to a 3.2% growth in global defence spending in 2017. In the Middle East, particularly the United Arab Emirates and Saudi Arabia, countries have begun to increase their purchases of next generation military equipment¹.

For Asia Pacific, total spending in the region is anticipated to reach US\$533 billion by 2020, with Indonesia, the Philippines and Vietnam among the countries expected to see a rise in defence expenditure. The defence outlook for Singapore between 2016 and 2020 remains buoyant and for 2016 alone, spending was projected to increase by US\$10.5 billion².

Mr. Lim remarked, “Given the rising threat of global terrorism, this has resulted in encouraging levels of enquiries for our firearm training facilities. We are currently engaging potential customers in requests for tenders and post tender discussions and hope to secure some new contracts soon.”

“While securing new contracts in the firearm shooting ranges and tactical training mock-up segments will continue to be the core aspect of Starburst’s business, we are also working to widen our portfolio of maintenance services contracts. This strategy will serve to grow our recurring income stream and contribute to the stability of our business model.”

With a major portion of the Group’s business being project-based, the revenue contribution from the Group’s project based business may vary from quarter to quarter, depending on the size and scope of the projects on hand and their completion schedules.

This press release should be read in conjunction with Starburst’s FY2016 results announcement released on March 1, 2017 to the Singapore Exchange.

¹ 2017 Global aerospace and defense sector outlook – Deloitte, 2017

² 2016 Defense Markets Report – International Trade Administration, 2016

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

This news release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, DBS Bank Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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. The Sponsor and the SGX-ST assume 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.

The contact person for the Sponsor is Mr. Koh Boon Pin, Senior 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 at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9750-8237 (Handphone)
EMAIL	:	dolores.phua@citigatedrimage.com

March 1, 2017