

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2015

- ***Completes acquisition of new property to consolidate overall activities, for S\$22.4 million***
- ***Secures contracts and letters of intent for projects and maintenance work totaling approximately S\$37.5 million***
- ***Healthy balance sheet with cash and bank balances of S\$6.2 million and debt to equity ratio of 0.33 time***

Singapore, August 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\$7.0 million and a net loss attributable to shareholders of S\$1.9 million for the half year ended June 30, 2015 (“**HY2015**”). This compares to the revenue of S\$21.5 million and net profit attributable to shareholders of S\$9.0 million registered in the previous corresponding period (“**HY2014**”).

HY2015's revenue contribution was largely derived from the works on the final phase of a firearm shooting range project and a tactical training mock-up project in Southeast Asia, both of which were completed in June 2015. In addition, revenue was also derived from works on a firearm shooting range project in the Middle East that was in its final phase during the half year. The project was subsequently completed in April 2015. For the Group's newly secured projects, they were primarily in the design work phase, with fabrication works for some of these projects being expected to commence in the third quarter of 2015.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, "During the half year, we achieved a major milestone by successfully completing the acquisition of our new property at 6 Tuas View Circuit in Singapore. With the new property's larger land area of about 8,805.6 square metres and remaining land tenure of approximately 43 years, it provides us with a boost in space and a long runway to scale our business as it grows in the years ahead.

"We are in the midst of preparing for our shift to the new location where our overall activities will be consolidated. When fully operational, the new facility will bring about a multitude of benefits which includes the optimisation of our overall efficiency and the latitude to undertake larger projects simultaneously, particularly during the fabrication work phases."

Added Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, "We continue to make good progress in winning contracts within our core markets. During the first six months of 2015, we managed to successfully secure contracts and letters of intent for projects and maintenance work, totaling approximately S\$37.5 million."

Mr. Yap continued, "Till date, we have utilised S\$12.3 million of the S\$15.5 million in gross IPO proceeds, with the remaining S\$3.2 million earmarked for general working capital purposes. This shores up our balance sheet, allowing us to be well-positioned to secure new projects available on the market and in successfully delivering quality work to customers."

Performance Review

In tandem with the 67.4% decrease in revenue during the half year, the Group registered a 21.9% decrease in project and production costs to S\$6.3 million from S\$8.1 million in HY2014. This was largely due to the nearing of completion of Starburst's projects and the comparatively lower level of fabrication and installation works in HY2015, both of which led to a decline in material and fabrication costs.

Besides the lower revenue which affected HY2015's gross profit, the Group's gross profit was also impacted by a delay in the handing over of project infrastructure as well as changes to the original ballistic protection system requirements. These factors resulted in the higher than expected costs incurred for the project. As such, gross profit decreased to S\$0.7 million in HY2015 from S\$13.4 million in HY2014.

Starburst recorded a net loss attributable to shareholders of S\$1.9 million in HY2015 as compared to a net profit attributable to shareholders of S\$9.0 million in HY2014. Net cash from operating activities remained positive, with the Group generating a cash inflow of S\$1.4 million in HY2015 from S\$7.3 million in HY2014.

As at June 30, 2015, the Group's cash and bank balances stood at S\$6.2 million while the debt-to-equity ratio remained healthy at 0.33 time. This was despite the S\$22.4 million in capital expenditure incurred during the half year on the acquisition of Starburst's leasehold property at 6 Tuas View Circuit.

Outlook

Within the Middle East, Saudi Arabia is expected to have the fifth-largest expenditure in its military forces by 2020, signifying a 27% boost to its defence budget over the next five years to US\$62 billion in 2020, from US\$48.7 billion in 2015. The UAE is also forecasted to witness an acceleration of its defence spending beyond the US\$17 billion level after 2017, from US\$15.7 billion currently¹.

¹ Saudi Arabia to boost defence spending by 27% over five years – *Financial Times*, June 2, 2015

As for Southeast Asia, the region's overall defence expenditure is anticipated to grow, with annual spending to reach US\$52 billion by 2020 as compared to the US\$42 billion expected to be spent in 2015².

Mr. Lim added, "With the onset of fear and violence perpetuated primarily by the Islamic State, the threat of terrorism, along with its potential influence across the world remains active. Most recently in July 2015, the wake of a deadly terrorist attack in Turkey, in which the Islamic State is suspected to be involved in, left at least 31 dead³. In June 2015, we witnessed near-simultaneous attacks by militants in Kuwait, Tunisia and France that killed more than 60 people⁴.

"Against a backdrop of increasing conflicts, particularly in the Middle East, we expect the demand for services in the defence industry, including expertise in firearms-training facilities, to continue. This long-term trend will likely bode well for Starburst, with our core competency as a specialist armed with an established track record in this niche industry. We have also received a healthy level of enquiries from potential customers for Starburst's core services and our focus remains on working towards winning new contracts.

"We are also making progress in widening our portfolio of maintenance service contracts which will serve to grow our stream of recurring income. For our newly secured projects which were largely in the design work phase during the half year, we anticipate fabrication works to commence in the third quarter of 2015."

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 projects' individual size, scope and completion schedule. Thus, the Group's overall revenue for each period may fluctuate accordingly.

² *Southeast Asia maritime build-up accelerates, raising risks in disputed seas – Reuters, May 26, 2015*

³ *Dozens dead after terror attack in Turkish border city – CNN, July 21, 2015*

⁴ *Terror attacks: separate attacks in Tunisia, France and Kuwait leave more than 60 dead – as it happened – The Guardian, June 27, 2015*

This press release should be read in conjunction with Starburst's HY2015 results announcement released on August 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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