

NEWS RELEASE

**STARBURST ANNOUNCES RESULTS FOR
NINE MONTHS ENDED SEPTEMBER 30, 2016**

- ***Revenue rises 73.0% to S\$18.2 million due to higher revenue recognition of projects in fabrication and installation work phases***
- ***Registers net loss attributable to shareholders of S\$7.8 million largely due to additional costs incurred and foreseeable losses provided for the Marina One architectural steel project's unexpected construction delay***
- ***Continue to receive encouraging level of enquiries for firearm shooting ranges and tactical training mock-ups from authorities in Southeast Asia and the Middle East***

Singapore, November 11, 2016 – Starburst Holdings Limited (“**Starburst**”, and together with its subsidiaries, the “**Group**”), a Singapore-based engineering group specialising in design and engineering of firearms-training facilities, today reported a 73.0% rise in revenue to S\$18.2 million and a net loss attributable to shareholders of S\$7.8 million for the nine months ended September 30, 2016 (“**9M2016**”). Comparatively, the Group’s revenue during the previous corresponding period (“**9M2015**”) was S\$10.5 million, while net loss attributable to shareholders was S\$1.7 million.

In 9M2016, the Marina One architectural steel project at Marina Way in Singapore was in the fabrication and installation work phases while the three firearm shooting range projects in the Middle East were in the design and fabrication work phases. Due to the higher revenue recognition of projects based on percentage-of-completion, these phases led to the increase in revenue during 9M2016. In comparison, most projects during 9M2015 were in their 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 for 9M2016, we incurred higher than expected project and production costs in the execution of ongoing projects, thereby impacting our bottomline. A large proportion of the higher production costs is due to the unexpected construction delay for the Marina One project.

“With the recent move into our new and larger factory, which coincides with the current increase in fabrication activities of our existing projects, we are confident that this will enhance our cost efficiencies moving ahead. At the same time, with the consolidation of our operations under one roof, this will serve to improve our ability to execute larger and more complex projects.”

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst remarked, “Our firearm shooting range projects in the Middle East are currently in their final installation work phase, while the Marina One architectural steel project should be nearing completion. The unexpected construction delay in the Marina One project has caused us to incur additional project costs, which adversely affected our operating performance. We are closely monitoring the progress of the project and taking steps to stringently control related costs and mitigate impact. However, as a matter of prudence, we have decided to provide in this quarter for possible foreseeable losses based on our current best estimates and knowledge. We believe we have taken the necessary actions to help deal with and contain the situation with our Marina One project.”

Performance Review

During the nine months, project and production costs grew 144.5% against 9M2015 to \$20.1 million primarily due to the rise in fabrication and installation costs for the Marina One architectural steel project and material and fabrication costs for firearm shooting range projects in the Middle East.

Gross profit decreased from S\$2.3 million in 9M2015 to a loss of S\$1.9 million in 9M2016, mainly due to additional costs incurred and foreseeable losses provided for the Marina One architectural steel project's unexpected construction delay.

Overall, the Group registered a net loss attributable to shareholders of S\$7.8 million in 9M2016 due to the above and the impact of higher employee benefit expenses, depreciation expenses, other operating expenses, finance costs and income tax expense. In comparison, Starburst's net loss attributable in 9M2015 was S\$1.7 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 September 30, 2016 amounted to a lower level of S\$0.6 million, down from S\$8.4 million as December 31, 2015. The Group's debt-to-equity ratio remained healthy at 0.43 time as at September 2016.

Outlook

IHS Jane forecasts defence budgets to rise, with spending in the Asia-Pacific region expected to climb 23% to US\$533 billion annually by 2020, putting it on par with North America. The ongoing territorial disputes in the South China Sea dominate relations in the Asia-Pacific region. Military budgets in Asia and Oceania have correspondingly seen a growth of 5.4% in 2015, outpacing the 1% rise in global spending.

Singapore's defence budget in 2016 also saw a 6.4% increase over 2015's to S\$13.97 billion¹. This is the first substantial increase since 2011. Singapore police and other agencies have also stepped up inland and border security measures in response to the recent plot to hit Singapore's Marina Bay with rocket from Batam, Indonesia, as well as prevailing anti-terrorism developments.

Defence spending in the Middle East and North Africa region has grown in 2016 and is expected to rise to almost \$180 billion by 2020² despite lower oil prices and fiscal concerns. Aided by non-oil growth and substantial reserve funds, Saudi Arabia, UAE and Qatar appear to be well positioned.

Mr. Lim said, "We are receiving an encouraging level of enquiries for firearm shooting ranges and tactical training mock-ups from military and law enforcement authorities in Southeast Asia and the Middle East to better train their security personnel on the use of live firearms in response to the rising trend of extremism threats. We are actively engaging with potential customers and expect to secure more contracts in both Southeast Asian and Middle Eastern markets.

"We also continue to work with the relevant authorities to prolong operational efficiency of their firearm training facilities, henceforth expanding our portfolio of maintenance services contracts and growing our recurrent revenue base."

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 9M2016 results announcement released on November 11, 2016 to the Singapore Exchange.

¹ *Amid ruffled China relations, Singapore deepens defence ties with Australia – International Business Times, October 11, 2016*

² *Middle East and North Africa Defence Budgets to Grow Despite Low Oil Price, IHS Markit says – Business Wire, August 22, 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

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November 11, 2016