

Performance Review

Starburst's revenue remained stable at approximately S\$1.6 million for 1Q2019, as compared to the previous corresponding period, as revenue for both periods were mainly contributed by maintenance works. The Group's project and production costs also remained stable at approximated S\$1.0 million. As a result, Starburst's gross profit remained stable at approximately S\$0.6 million.

Other operating income decreased by approximately 71.4% to S\$22,000 in 1Q2019, from S\$77,000 in 1Q2018, mainly due to the absence of a capability development grant that was received from SPRING Singapore, currently known as Enterprise Singapore following a merger with International Enterprise Singapore, in 1Q2018.

In 1Q2019, employee benefits expenses fell by approximately 2.2% to S\$814,000, primarily due to a reduction in headcount. Other operating expenses decreased by approximately 18.9%, from S\$619,000 in 1Q2018 to S\$502,000 in 1Q2019. The decrease in other operating expenses was mainly due to the decrease in foreign currency exchange loss and marketing expenses.

Due to the foregoing, the Group recorded a net loss to shareholders of approximately S\$1.2 million in 1Q2019, which narrowed by 8.3% from a net loss to shareholders of approximately S\$1.3 million in 1Q2018.

The Group's working capital remained sound, with cash and bank balances totaling S\$7.3 million as at March 31, 2019 and a debt-to-equity ratio of 0.52 time for the period.

Outlook

The first half of 2019 has been characterised by fears of slowing global growth and growing geopolitical challenges, with prominent terrorist attacks in countries such as New Zealand and Sri Lanka. The World Economic Forum has found that rising geopolitical and geo-economic tensions represent the most urgent global risks at present¹. Global defence expenditure had its fifth consecutive year of growth as it expanded 4.9% to reach a total of US\$1.78 trillion in 2018. Against this backdrop, overall defence expenditure, for NATO countries, is predicted to exceed US\$1 trillion in 2019².

In Asia, countries like India, China and Japan have been increasing their defence budgets on the back of enduring security threats³. In the Middle East, defence budgets are increasing as countries in the region pursue the modernisation of military equipment and expansion of their current capabilities. Defence expenditure across the region is forecasted to continue trending upwards to US\$110.86 billion in 2023⁴.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, “As Starburst is a specialist in modern firearms-training facilities, we are well-positioned to service security forces in a climate of rising tensions and terrorism threats globally. The level of enquiries from law enforcement authorities and the military in our key markets of Southeast Asia and the Middle East has been encouraging. While negotiations of such sensitive facilities can take some time to conclude, we are active in responding to requests for tenders and engaging in post-tender discussions. We anticipate the securing of new contracts in the year ahead.”

The Group will also continue to focus on ensuring effective cost management of its projects and production costs to achieve a sustainable operating performance.

¹ *The Global Risks Report 2019 14th Edition – World Economic Forum, January 15, 2019*

² *NATO Members Drive Fastest Increase in Global Defence Spending for a Decade, Jane’s by IHS Markit Reveals – IHS Markit, December 18, 2018*

³ *2019 global aerospace and defense industry outlook – Deloitte, January 2019*

⁴ *Growing modernisation and industrialisation behind hike in Gulf defence spending – IHS Markit, February 15, 2019*

This press release should be read in conjunction with Starburst's 1Q2019 results announcement released on May 3, 2019 on SGXNET.

ABOUT STARBURST HOLDINGS LIMITED

Starburst is an engineering specialist which 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, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Company's Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the Exchange and the Exchange 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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