STARBURST HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 28 October 2013)
(Company Registration No.: 201329079E)

VOLUNTARY ANNOUNCEMENT

Unaudited Business Update For The Third Quarter Ended 30 September 2020

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Key Financial Highlights

	3Q2020	3Q2019	Change (%)
Revenue (S$'000)	4,770	2,643	80.5%
EBITDA (S$'000)	2,417	(278)	n.m.
Net profit (loss) for the period (S$'000)	2,061	(692)	n.m.
Basic earnings (loss) per share (Singapore cents)[1]	0.84	(0.29)	n.m.
Diluted earnings (loss) per share (Singapore cents)[2]	0.77	(0.26)	n.m.

n.m. denotes not meaningful.

	As at 30 September 2020	As at 31 December 2019
Cash and cash equivalents (S$'000)	2,514	4,987
Total borrowing (S$'000)	11,760	12,101
Total equity (S$'000)	27,113	22,229
Gearing (time)	0.43	0.54
Net asset value per share (Singapore cents)[3]	10.93	9.18

1) The basic earnings (loss) per share has been calculated based on 245,724,000 shares (3Q2019: 242,368,000 shares) weighted average number of shares excluding treasury shares.
2) The diluted earnings (loss) per share has been calculated based on 267,089,000 shares (3Q2019: 262,988,000 shares) weighted average number of shares excluding treasury shares.
3) The net asset value per share has been calculated based on 248,010,000 shares as at 30 September 2020 and 242,019,000 shares as at 31 December 2019 excluding treasury shares.

Condensed Consolidated Statement of Financial Position

	As at	
	30 September 2020 S$'000 (unaudited)	31 December 2019 S$'000 (unaudited)
Current assets	17,885	10,994
Non-current assets	26,700	27,401
Current liabilities	(3,457)	(1,913)
Non-current liabilities	(14,015)	(14,253)
Total net assets	**27,113**	**22,229**

Condensed Consolidated Statement of Cash Flows

	For the three months ended	
	30 September 2020 S$'000 (unaudited)	30 September 2019 S$'000 (unaudited)
Net cash from (used in) operating activities	185	(203)
Net cash (used in) from investing activities	(127)	2
Net cash from (used in) financing activities	399	(227)
Net increase (decrease) in cash and cash equivalents	457	(428)
Cash and cash equivalents at beginning of the period	2,058	4,485
Effect of exchange changes	(1)	(1)
Cash and cash equivalents at end of the period	**2,514**	**4,056**

Business Review (Group's Performance and Financial Position)

Revenue

The Group's revenue increased by approximately S$2.2 million or 80.5%, from S$2.6 million in the three months ended 30 September 2019 ("3Q2019") to S$4.8 million in the three months ended 30 September 2020 ("3Q2020"). This was primarily due to the commencement of design work for a firearm shooting range project and a tactical training mock-up project in Southeast Asia, and design and fabrication works for a firearm shooting range project in the Middle East.

EBITDA

The Group's EBITDA has improved from loss of S$0.3 million in 3Q2019 to earnings of S$2.4 million in 3Q2020. The increase in EBITDA was mainly due to higher earnings generated from operations.

Net profit for the period

As a result of the foregoing, the Group recorded a net profit of approximately S$2.1 million in 3Q2020, in comparison to a net loss of S$0.7 million in 3Q2019.

Financial Position

The Group's Statement of Financial Position remains sound, with cash and bank balances totalling approximately S$2.5 million and a debt-to-equity ratio of 0.43 time as at 30 September 2020. The decrease in cash and balance to S$2.5 million as at 30 September 2020 from S$5.0 million as at 31 December 2019, which is mainly due to the payment of dividend, repayment of bank loans and payment to suppliers for the purchase of materials. The increase in total equity is mainly contribute to the net profit derived from operations.

Outlook

The total global military expenditure hit US$1.9 trillion in 2019[1] and is expected to reach US$2.3 trillion by 2028[2]. This coupled with the rising geopolitical tensions in the Middle East and rising threat of terrorism in Southeast Asia, will create stronger demand for military training facilities and equipment and hence, present a great opportunity for the Group to secure new contracts going forward.

The Group continues to pursue opportunities to design and engineer customised training solutions for existing and potential customers as law enforcement related customers respond to the threat of terrorism and extremism. The Group is also actively responding to enquiries and requests for tenders from authorities in Southeast Asia and the Middle East. Notwithstanding the competitive market conditions, the Group remains optimistic of its ongoing discussions and is committed to secure more contracts in both Southeast Asia and the Middle East.

The Group is working to strengthen its partnerships with defence contractors, equipment suppliers and consultants to participate with them either in joint tenders, or collaboration for successful tenders. In addition, the Group is also working with the relevant authorities to expand its portfolio of maintenance service contracts and grow its recurrent revenue base.

Given that a major portion of the Group's business is project based, the revenue contribution from projects may vary from quarter to quarter, depending on the size and scope of the projects on hand and their completion schedules. Nonetheless, the Group will continue to focus on ensuring effective cost management of its projects and production costs to achieve sustainable operating performance.

As the COVID-19 situation is still evolving, there is a degree of uncertainty over the length and severity of this pandemic. The Group does not expect a material impact on its current operations and performance given the nature of the business as an essential service.

Mr. Jonathan Yap, Managing Director of Starburst, commented, "*Military spending has been on an increasing trend due to the uncertain political environment in the Southeast Asian and the Middle Eastern countries. This provides a great opportunity for us to expand our business and explore new opportunities in other regional countries such as Australia. Additionally, with the restart of delayed projects, new contracts won, and new expansion plans and investors, we hope to achieve higher profitability and more consistent earnings in the coming quarters.*"

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[1]Trends in World Military Expenditure, 2019 – Stockholm International Peace Research Institute (SIPRI), April 2020
[2]Global Defence Budget Analysis – Forecast to 2028 – Global Newswire, May 2020