

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR NINE MONTHS ENDED SEPTEMBER 30, 2018

- ***Positive working capital of S\$11.6 million with cash and bank balances of S\$7.3 million and a debt-to-equity ratio of 0.50 time***
- ***Net loss attributable to shareholders of the Company at approximately S\$3.8 million in 9M2018***
- ***Entered into non-binding MOU to collaborate on providing live-fire training solutions in China, a new geographical market for Starburst***

Singapore, November 8, 2018 – Starburst Holdings Limited (“**Starburst**”, or the “**Company**” and together with its subsidiaries, the “**Group**”), a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities, has recorded a revenue of approximately S\$4.8 million, and net loss attributable to shareholders of approximately S\$3.8 million for the nine months ended September 30, 2018 (“**9M2018**”), as compared to a revenue of S\$14.1 million, and net profit attributable to shareholders of S\$1.3 million in the previous corresponding period (“**9M2017**”).

For the three months ended September 30, 2018 (“**3Q2018**”), the Group recorded a revenue of approximately S\$1.8 million, and net loss attributable to shareholders of approximately S\$1.2 million, as compared to a revenue of S\$4.1 million, and net profit attributable to shareholders of S\$0.7 million in the previous corresponding period (“**3Q2017**”).

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “Notwithstanding that opportunities to design and engineer customised training solutions for existing and potential customers continue to arise, market conditions remain very competitive. One of our strategic thrusts is to strengthen our partnerships so that we can tap into synergies and drive sustainable growth for the Group, and the recent Memorandum of Understanding (the “**MOU**”) is testament that we are moving in the right direction.”

In September 2018, Starburst announced that it had entered into a non-binding MOU with an indirect wholly-owned Singapore subsidiary of a defence specialist company (“**Specialist**”) and Beijing CSSCA Technologies Co., Ltd (“**CSSCA**”) to collaborate on providing live-fire training solutions in China. By combining and complementing each other’s respective strengths, Starburst, the Specialist and CSSCA hope to position themselves to better cater to the needs and requirements of customers and end-users.

“Through the MOU, we seek to leverage our track record as a leading live-fire training facility solution specialist, together with CSSCA’s extensive knowledge and ties with relevant Chinese authorities, government agencies and industry, and the strength of the Specialist as a leading security technology company providing turn-key specialised live-fire training solutions. If proven successful, this will mark our entrance into the Chinese market,” added Mr Lim.

Performance Review

In 9M2018, Starburst’s revenue was mainly contributed by maintenance works, whereas in 9M2017, its revenue comprised of installation works for a firearm shooting range project in Southeast Asia and in the Middle East, the Marina One architectural steel project, and maintenance works. This resulted in the Group’s revenue decreasing by 65.7%, from S\$14.1 million in 9M2017 to S\$4.8 million in the current period.

As a result of the decline in revenue, the Group's gross profit also decreased, from S\$7.2 million in 9M2017 to S\$1.5 million in 9M2018. The gross profit margin declined from 50.8% in 9M2017 to 31.3% in 9M2018, mainly due to lesser projects which reduced the cost benefits from economies of scale.

Other operating income rose 132.6% to S\$0.2 million in 9M2018 from S\$89,000 in 9M2017, mainly due to an increase in foreign exchange gain and grants received from various government agencies.

The Group's project and production costs fell by S\$3.6 million or 52.1%, from S\$6.9 million in 9M2017 to S\$3.3 million in 9M2018, in line with the decreased revenue and primarily attributable to the decrease in material, sub-contractor and overhead costs in 9M2018 as fewer projects were undertaken as compared to 9M2017.

Employee benefits expenses also fell by approximately 9.6%, from S\$2.7 million in 9M2017 to S\$2.4 million in 9M2018, primarily due to a reduction in headcount and no salary adjustment for the year. Other operating expenses decreased to S\$1.7 million in 9M2018, by approximately 7.5% from S\$1.8 million in the previous corresponding period, primarily due to the decrease in land rental which is recognised as leasehold land in accordance with SFRS(I) 16 Leases¹.

Overall, the Group recorded a net loss to shareholders of approximately S\$3.8 million in 9M2018.

The Group's balance sheet remains sound, with cash and bank balances totaling S\$7.3 million as at September 30, 2018 and a debt-to-equity ratio of 0.50 time for the financial period.

¹ While SFRS(I) 16 Leases is only effective for the financial year beginning on or after January 1, 2019, the Group has decided to undergo an early adoption.

Outlook

Global defence spending in 2018 is forecasted to rise 3.3% to US\$1.7 trillion. In addition to the People's Republic of China's growing power and tensions along the Korean Peninsula, the unpredictability of the US White House has added a potency that is driving defence spending amongst countries in the Asia-Pacific region². Over in the Middle East, it was recently forecasted that the Gulf Cooperation Council member states, consisting of Saudi Arabia, UAE, Kuwait, Qatar, Bahrain and Oman will spend over US\$100 billion on their defence capabilities for the first time in 2019³.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst commented, "High levels of terrorist threats and extremism continue to persist, in line with the backdrop of continued geopolitical tensions and economic uncertainties. Enquiries and requests for tenders from law enforcement-related authorities remain strong and the Group has been actively responding to these requests and is pursuing opportunities in the design and engineering of customised training solutions for existing and potential customers."

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

This press release should be read in conjunction with Starburst's 9M2018 results announcement released on November 8, 2018 on SGXNET.

² *Battle stations: Asia's arms race heats up – Forbes, August 26, 2018*

³ *Gulf States' Defence Spending to Hit Record High Amid Ongoing Regional Conflict, Jane's by IHS Markit Says – IHS Markit, September 6, 2018*

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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