

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2019

- **27.0% revenue growth mainly contributed by the design, supply and installation of an underwater training facility in Southeast Asia and ad hoc works from maintenance segment**
- **Gross profit increases 54.6% to S\$2.4 million**
- **Healthy financial position with a low debt-to-equity ratio of 0.56 time**

This press release should be read in conjunction with Starburst's 9M2019 results announcement released on 12 November 2019 on SGXNET.

Singapore, 12 November 2019 – 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 27.0% increase in revenue to approximately S\$6.2 million for the nine months ended 30 September 2019 (“**9M2019**”), as compared to S\$4.8 million in the previous corresponding period (“**9M2018**”). Gross profit in 9M2019 also increased 54.6% to S\$2.4 million from S\$1.5 million in 9M2018. The increase is due mainly to the increased revenue and management of project costs. This has narrowed the net loss attributable to shareholders to approximately S\$2.8 million in 9M2019, as compared to S\$3.8 million net loss recorded in 9M2018.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, “Starburst will stay resilient through an expansion of our core capabilities, and tight partnerships with global security consulting solutions providers, leveraging on each other’s know-how and technical expertise to seek opportunities together in the security sector. We will also remain focused on working with the relevant authorities to expand our portfolio of maintenance service contracts to grow our recurrent revenue base, for sustainable growth.”

Performance Review

In 9M2019, Starburst’s revenue increased by 27.0% to S\$6.2 million from S\$4.8 million in 9M2018. This increase was largely due to an underwater training facility in Southeast Asia, scheduled for completion in April 2020, and ad hoc works from existing maintenance customers. In line with the increase in revenue, project and production costs went up by 14.4% from S\$3.3 million in 9M2018 to S\$3.8 million in 9M2019.

Other operating income decreased 67.1%, from S\$207,000 in 9M2018 to S\$68,000 in 9M2019, mainly attributable to the increase in foreign exchange gain and grants received from various government agencies.

On a whole, total expenses remained relatively constant at approximately S\$8.9 million in 9M2019. Employee benefits expenses remained stable at approximately S\$2.4 million in 9M2019, and depreciation expenses held steady at approximately S\$1.0 million in 9M2019. The 13.7% decrease in other operating expenses from S\$1.7 million in 9M2018 to S\$1.4 million in 9M2019, was due largely to the decrease in foreign currency exchange loss and marketing expenses.

Consequently, the Group recorded a net loss of S\$2.8 million in 9M2018, narrowing from S\$3.8 million net loss recorded in the prior corresponding period.

The Group's working capital remained sound, with cash and bank balances totalling S\$4.1 million as at 30 September 2019 and a debt-to-equity ratio of 0.56 time for the period.

Outlook

2019 has been characterised by fears of slowing global growth and growing geopolitical challenges, with the resurgence of terrorist recruitments¹ and 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 present². Global defence expenditure had its fifth consecutive year of growth as it expanded 4.9% to reach a total of USD\$1.78 trillion in 2018. Against this backdrop, overall defence expenditure, for NATO countries, is predicted to exceed USD\$1 trillion in 2019³.

In Asia, countries like India, China and Japan have been increasing their defence budgets on the back of enduring security threats⁴. In Southeast Asia, military expenditure is at USD\$41.9 billion largely due to economy growth, territorial disputes and long-sought military modernisations⁵. 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, and expenditure is expected to hit USD\$100 billion by the end of this year⁶.

¹ *Asia faces a rise in terrorism recruits – The Australian, October 15, 2019*

² *The Global Risks Report 2019 14th Edition – World Economic Forum, January 15, 2019*

³ *NATO Members Drive Fastest Increase in Global Defence Spending for a Decade, Jane's by IHS Markit Reveals – IHS Markit, December 18, 2018*

⁴ *2019 global aerospace and defense industry outlook – Deloitte, January 2019*

⁵ *Military Expenditure Database 2019 – Stockholm International Peace Research Institute, 2019*

⁶ *Middle East defence spending forecast to hit \$100bn in 2019 – Arabian Business, September 13, 2019*

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, “In an increasingly volatile world, we have seen continued interest from authorities in the region in response to the threat of terrorism and extremism. We will further sharpen our edge and technical expertise in designing customised training solutions to stay ahead of competition. We remain committed to securing more contracts, tapping on the growing security needs of law enforcement, military and security agencies in both Southeast Asia and the Middle East.”

At the same time, 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.

Owing to the fact that majority of the Group’s business is project based, revenue contributions from projects may vary from quarter to quarter, depending on the projects’ size, scope, and completion schedules. The Group seeks to achieve effective cost management of its projects and production costs to achieve a sustainable operating performance.

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**"). 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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