

NEWS RELEASE

STARBURST RECORDS TURNAROUND TO PROFITABILITY FOR FINANCIAL YEAR ENDED DECEMBER 31, 2017

- ***Net profit attributable to shareholders of the Company at S\$0.1 million in FY2017***
- ***Healthy balance sheet with cash and bank balances of S\$11.3 million and debt-to-equity ratio of 0.42 time***
- ***Proposes final dividend of 0.25 cent per ordinary share***

Singapore, March 1, 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 achieved net profit attributable to shareholders of S\$0.1 million for the financial year ended December 31, 2017 (“**FY2017**”), as compared to a net loss attributable to shareholders of S\$11.7 million in the previous corresponding period (“**FY2016**”).

Starburst’s gross profit achieved a turnaround, increasing to S\$8.1 million in FY2017, from a loss of S\$2.9 million in the previous corresponding period. The Group’s gross profit margin also improved from negative 16.0% in FY2016 to positive 51.3% in FY2017. This was mainly the result of the Group’s project and production costs substantially decreasing by approximately S\$13.5 million or 63.6%, from S\$21.2 million in FY2016 to S\$7.7 million in FY2017, in line with the decrease in revenue and lower sub-contractors and overhead costs in FY2017.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “We are pleased to end FY2017 with a profit, which is testament to our efforts in effectively managing our project and production costs. Moving forward, we will continue to pursue opportunities to design and engineer customised security training solutions for our existing and potential customers.”

In June 2017, the Company announced that it had formed a strategic partnership with Swiss Securitas Group, with the intention of expanding the Group’s capabilities globally in the security engineering solutions sector. Swiss Securitas Group acquired 10 million vendor shares and 6 million warrants from Starburst’s two controlling shareholders for a 5.1% equity stake based on the enlarged share capital, assuming full exercise of the warrants, excluding treasury shares, as of the date of the transaction.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst added, “Our strategic partnership with Swiss Securitas Group was a significant milestone for us in FY2017. We will continue to capitalise on the Starburst brand name in the security and defence industry in Southeast Asia and the Middle East, and continue to evaluate suitable business opportunities for acquisitions so as to offer our customers a wider range of security-related services.”

Performance Review

For the financial year ended December 31, 2017, Starburst recorded a decrease in revenue by 13.3%, from S\$18.3 million in FY2016 to S\$15.9 million in the current period. The Group’s revenue in FY2017 was mainly contributed by additional works undertaken for a firearm shooting range project in the Middle East, two small indoor shooting range projects, a security detention facility project and a supply and installation of entry training equipment project in Southeast Asia. By comparison, the Group’s projects in FY2016 comprised primarily of fabrication and installation work phases of Marina One architectural steel project at Marina Way in Singapore (“**Marina One Project**”), and design and fabrication work phases for three firearm shooting range projects in the Middle East.

Starburst's project and production costs decreased by approximately 63.6%, from S\$21.2 million in the previous corresponding period to S\$7.7 million in FY2017, which was in line with the decrease in revenue and lower sub-contractors and overhead costs in FY2017. There was also a provision of foreseeable loss of S\$0.7 million for the Marina One Project in FY2016.

Correspondingly, there was a rise in gross profit, improving from a loss of S\$2.9 million in FY2016 to a profit of S\$8.1 million in FY2017, and gross profit margin also reversed from negative 16.0% in FY2016 to positive 51.3% in FY2017.

Overall, the Group recorded a net profit attributable to shareholders at S\$0.1 million in FY2017.

The Group's balance sheet remained healthy, with cash and bank balances totalling S\$11.3 million as at December 31, 2017 and a low debt-to-equity ratio of 0.42 time as at December 31, 2017.

Dividend

To reward shareholders for their steadfast support in Starburst, a tax exempt one-tier final dividend of 0.25 cent per ordinary share has been recommended by the Board. The proposed dividend represents a dividend payout of approximately S\$0.6 million.

Outlook

Against a backdrop of geopolitical tensions and instability, as well as improving economic conditions around the world, global defence spending is forecast to reach US\$1.67 trillion in 2018, representing a 3.3% increase over 2017, or the fastest growth rate in a decade¹. This also includes a rise in funding for the procurement of military equipment, which is expected to increase from US\$295 billion in 2017 to US\$315 billion in 2018, another record high in global terms.

¹ *Global Defence Spending to Hit Post-Cold War High in 2018, Jane's by IHS Markit Says – IHS Markit, December 2017*

While there was a slowdown in spending in the Asia Pacific (APAC) region in 2017, a return to growth is expected in 2018, with the region remaining a driving force behind long-term growth in global defence spending. APAC is expected to experience a gradual shift in focus from territorial defence to power projection², with Chinese actions in the East and South China Sea, the North Korean ballistic missile threat and insurgencies throughout Southeast Asia, causing additional funding to be diverted towards defence³.

In Southeast Asia, defence spending remains high. The Indonesian defence ministry received the largest budget allocation amongst the different ministries for 2018⁴; Malaysia and the Philippines also increased their 2018 defence budgets^{5,6}. The Singapore government has also indicated that security spending is expected to increase, in response to the country facing its highest security threat in recent years.

Defence budgets in the Middle East returned to growth in 2017, with the challenging security environment protecting defence budgets from cuts in most cases. In 2018, defence budgets are expected to continue to increase but growth will be constrained by a more cautious approach to government spending⁷.

Mr. Lim remarked, “Against the backdrop of geopolitical instability and the rising levels of security threats globally, we continue to see a healthy level of enquiries from law enforcement-related customers as they respond to the threat of terrorism and extremism. The Group is actively responding to these enquiries and requests for tenders from authorities in Southeast Asia and the Middle East. We are optimistic of our ongoing discussions and are committed to deliver more projects to our customers in both Southeast Asia and the Middle East.”

² 2016's USD1.57 trillion global defence spend to kick off decade of growth – IHS Markit, March 15, 2017

³ Global Defence Spending to Hit Post-Cold War High in 2018, Jane's by IHS Markit Says – IHS Markit, December 2017

⁴ Defense Ministry gets top allocation in 2018 state budget, The Jakarta Post, October 2017

⁵ Malaysia announces 5.3% defence budget increase, IHS Janes, October 2017

⁶ Defense department justifies 2018 budget, CNNC Philippines, August 2017

⁷ Global Defence Spending to Hit Post-Cold War High in 2018, Jane's by IHS Markit Says – IHS Markit, December 2017

In FY2017, the Group announced that Starburst Engineering Pte Ltd (“**Starburst Engineering**”), a wholly-owned subsidiary of Starburst, was awarded a contract totalling approximately S\$6.6 million for a project located in the Middle East. The project will see Starburst Engineering undertake ballistic protection works to a firearms-training facility. The project is scheduled to commence in June 2018 and be completed in September 2019.

With a major portion of Starburst’s business being project-based, the revenue contribution from its 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 managing its project and production costs more effectively to ensure sustainable operating performance.

This press release should be read in conjunction with Starburst’s FY2017 results announcement released on March 1, 2018 on SGXNET.

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

*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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