

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR FULL YEAR ENDED 31 DECEMBER 2019

- ***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 48.3% to S\$4.3 million with higher revenue and good management of cost***
- ***Healthy financial position with cash and bank balance of S\$5.0 million and a low debt-to-equity ratio of 0.54 time***
- ***Proposes final dividend of 0.25 Singapore cent per ordinary share***

This press release should be read in conjunction with Starburst's FY2019 results announcement released on 26 February 2020 on SGXNET.

Singapore, 26 February 2020 – 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 29.3% increase in revenue to approximately S\$9.2 million for the full year ended 31 December 2019 (“**FY2019**”), as compared to S\$7.2 million in the previous corresponding period (“**FY2018**”). Gross profit also rose 48.3% to S\$4.3 million from S\$2.9 million over the same corresponding period. The increase is due mainly to the increased revenue and good management of project costs. This has narrowed the net loss attributable to shareholders to approximately S\$2.4 million in FY2019, as compared to S\$4.2 million net loss recorded in FY2018.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, “Amidst the current competitive market conditions, Starburst will continue to focus on ensuring effective cost management in our projects and lower production costs in order to achieve sustainable operating performance. Moving forward, we will remain firmly committed to securing more contracts, and strengthening our partnerships to tap synergies and drive continued growth in Southeast Asia and the Middle East. We firmly believe that we are strategically positioned to capitalise on long-term growth prospects because of our established and distinguished position in the industry.”

“In terms of the recent COVID-19 situation that is still evolving, there is a degree of uncertainty over the length and severity of this epidemic. However, the Group does not expect the COVID-19 epidemic to have a material impact on the Group’s operations and performance at the current situation.”

Performance Review

In FY2019, Starburst’s revenue increased by 29.3% to S\$9.2 million from S\$7.2 million in FY2018. This increase was largely due to an underwater training facility scheduled for completion in April 2020, and ad hoc works from existing maintenance customers in Southeast Asia. In line with the increase in revenue, project and production costs went up by 14.6% to S\$4.9 million in FY2019.

Other operating income decreased 55.9%, from S\$177,000 in FY2018 to S\$78,000 in FY2019, 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\$11.7 million in FY2019. For this period, employee benefits expenses held steady at approximately S\$3.2 million, whilst depreciation expenses declined 12.4% to approximately S\$1.3 million. The 10.7% decrease in other operating expenses to S\$1.9 million in FY2019 was due largely to the decrease in amortisation of intangible assets.

Consequently, the Group recorded a net loss of S\$2.4 million in FY2019, narrowing from S\$4.2 million net loss recorded in the prior corresponding period.

The Group's working capital remained sound, with cash and bank balances totalling S\$5.0 million as at 31 December 2019 and a debt-to-equity ratio of 0.54 time for the year.

Proposed Dividend

The Board of Directors have recommended a tax exempt one-tier final dividend of 0.25 Singapore cent per ordinary share. The proposed dividend represents a dividend payout of approximately S\$0.6 million.

Mr. Lim adds, "As we continue to streamline operations and practise prudent financial management, generating sustainable value for our investors remains a key priority of ours. The proposed dividend of 0.25 Singapore cent per ordinary share signals both the Board's appreciation for shareholders' continued support and its confidence in the Group's future."

Outlook

In 2019, global defence spending rose by some 4% over 2018 – the highest year-on-year growth in 10 years. Fuelled by the region's rising levels of GDP, overall defence spending in Asia continues to rise, increasing by 50% in a decade¹. Global defence spending is expected to grow at a CAGR of about 3% over the 2019-2023 period to reach US\$2.1 trillion by 2023². Demand for military equipment is on the rise as governments across the globe focus on military modernisation, given increasing global security concerns.

¹ *Military Balance – International Institute for Strategic Studies (IISS), 14 February 2020*

² *2020 Global Aerospace and Defense Industry Outlook – Deloitte, 2019*

In Asia, higher defence spending by major regional powers such as India, China and Japan will likely contribute to global sector growth. Terrorists continue to challenge security forces globally, as does conflict and instability in Africa and the Middle East. Ongoing geopolitical tensions in the Middle East are also creating a strong demand for military equipment. Saudi Arabia's defence spending in 2020 is expected to be the third highest globally, coming in at USD\$67.7 billion³.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, "The increasing global defence spending will continue to create opportunities for defence contractors and our supply chains. We will continue to adapt to changes in demand, and pursue opportunities to design and engineer customised training solutions for existing and potential customers. Currently, we see continued interest from authorities in the region in response to the threat of terrorism and extremism and we are actively responding to these enquiries and requests for tenders in both Southeast Asia and the Middle East."

Further to the holding announcement released on 21 February 2020, barring any unforeseen circumstances, the Board hopes to secure and include the project which involves specialist and associated works for a shooting range in Southeast Asia and other projects to increase its business activities.

³ *Defense Spending by Country (2020) – Global Fire Power, 2020*

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 reviewed by the Company's Sponsor, SAC Capital Private Limited (the “**Sponsor**”). This news release 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 news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

The contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

ISSUED ON BEHALF OF : Starburst Holdings Limited
BY : Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
SINGAPORE 069534
CONTACT : Ms Dolores Phua / Mr Justin Teh
at telephone
DURING/ OFFICE HOURS : 6534-5122
EMAIL : dolores.phua@citigatedewerogerson.com
justin.teh@citigatedewerogerson.com

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