

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2019

- **Revenue increases 14.8% to S\$3.5 million, mainly contributed by maintenance works**
- **Net loss attributable to shareholders of the Company narrows to approximately S\$2.1 million**

Singapore, August 14, 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 14.8% increase in revenue to approximately S\$3.5 million for the half year ended June 30, 2019 (“**HY2019**”), as compared to S\$3.1 million in the previous corresponding period (“**HY2018**”). On the back of higher revenue, net loss attributable to shareholders narrowed to approximately S\$2.1 million from S\$2.6 million over the same period.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, “Starburst remains resilient with our focus on a recurring income stream through an expansion of our portfolio of maintenance services contracts, and keeping a tight watch on cost containment measures. With our established position in the industry and constant pursuit to provide customised and better designing and engineering training solutions for existing and potential customers, we are well-poised to capitalise on the long-term growth prospects of our key markets.”

The Group was recently awarded a S\$3.6 million contract for the design, supply and installation of an underwater training facility in Southeast Asia, which is scheduled to commence in May 2019 and be completed in April 2020.

Performance Review

In HY2019, Starburst's revenue improved by 14.8% to S\$3.5 million from S\$3.1 million in HY2018, mainly due to a higher contribution by maintenance works. The Group's project and production costs remained stable at approximately S\$2.1 million in HY2019. This resulted in an increase in gross profit to S\$1.4 million in HY2019, up from S\$1.1 million in HY2018. Correspondingly, gross profit margin rose 4.5 percentage points to 40.0% in HY2019, from 35.5% in HY2018.

Other operating income decreased by 76.6% to S\$45,000 in HY2019 from S\$192,000 in HY2018 mainly due to a decrease in foreign exchange gain and grants received from various government agencies.

Overall, total expenses fell approximately 4.0% year-on-year to S\$5.6 million from S\$5.9 million over the same period. Total expenses as a proportion of revenue declined to 1.6% in HY2019 from 1.9% in HY2018, reflecting improved margin efficiencies.

In HY2019, employee benefits expenses remained stable at approximately S\$1.6 million in HY2018 and HY2019, and depreciation expenses remained stable at approximately S\$0.8 million in HY2018 and S\$0.7 million in HY2019. Other operating expenses decreased by approximately S\$0.2 million or 11.3% from S\$1.2 million in HY2018 to S\$1.0 million in HY2019. The decrease in other operating expenses was mainly due to the decrease in foreign currency exchange loss and marketing expenses.

Due to the foregoing, the Group recorded a net loss of approximately S\$2.1 million in HY2019, which narrowed from S\$2.6 million in HY2018.

The Group's working capital remained sound, with cash and bank balances totaling S\$4.5 million as at June 30, 2019 and a debt-to-equity ratio of 0.55 time for the period.

Outlook

The first half of 2019 has been characterised by fears of slowing global growth and growing geopolitical challenges, with 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 present¹. 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 2019².

In Asia, countries like India, China and Japan have been increasing their defence budgets on the back of enduring security threats³. In Southeast Asia, military expenditure is at USD\$41.9 billion largely due to economy growth, territorial disputes and long-sought military modernisations⁴. 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. Defence expenditure across the region is forecasted to continue trending upwards to USD\$110.86 billion in 2023⁵.

¹ *The Global Risks Report 2019 14th Edition – World Economic Forum, January 15, 2019*

² *NATO Members Drive Fastest Increase in Global Defence Spending for a Decade, Jane's by IHS Markit Reveals – IHS Markit, December 18, 2018*

³ *2019 global aerospace and defense industry outlook – Deloitte, January 2019*

⁴ *Military Expenditure Database 2019 – Stockholm International Peace Research Institute, 2019*

⁵ *Growing modernisation and industrialisation behind hike in Gulf defence spending – IHS Markit, February 15, 2019*

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, “We will continually strengthen our partnerships with defence contractors, equipment suppliers and consultants, and participate in joint tender and collaborations as we seek business opportunities together. With our niche position as a specialist in modern firearms-training facilities, we are well-positioned to service security forces in a climate of rising tensions and terrorism threats globally. The level of enquiries from law enforcement authorities and the military in our key markets of Southeast Asia and the Middle East remains encouraging and we anticipate the securing of new contracts in the year ahead.”

The Group will continue 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. Starburst 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.

The Group will also 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 HY2019 results announcement released on August 14, 2019 on SGXNET.

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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