

Financial Highlights

(S\$million)	HY2020	HY2019	Change
Revenue	9.7	3.5	+176.3%
Gross Profit	4.4	1.4	+214.5%
Gross Profit Margin (%)	45.9%	40.3%	+5.6 pts
Net Profit	2.1	(2.1)	n.m.
Net Profit Margin (%)	21.6%	n.m.	n.m.
EPS (cents)	0.86	(0.86)	n.m.

n.m. denotes not meaningful

Gross profit increased 214.3% to S\$4.4 million while gross profit margin increased 5.6 percentage points to 45.9% in HY2020.

Other operating income increased 155.6%, from S\$45,000 in HY2019 to S\$115,000 in HY2020, mainly attributable to the increase in foreign exchange gain and interest income.

On a whole, total expenses increased approximately 37.0% to S\$7.7 million in HY2020 compared to HY2019. Employee benefits expenses decreased 34.5% from S\$1.6 million in HY2019 to S\$1.0 million in HY2020, mainly due to the Jobs Support Scheme received from the government as announced under the Stabilisation and Support Package at Budget 2020. Depreciation expense decreased 19.9% to S\$567,000 in HY2020, mainly due to the increase of fully depreciated assets. Other operating expenses decreased 34.8% to S\$0.6 million in HY2020, primarily due to the decrease in foreign workers' dormitory rental, professional fees and the absence of amortisation of intangible assets in the current period as it was fully amortised in 2019.

Consequently, the Group recorded a net profit of approximately S\$2.1 million in HY2020, a turnaround from a S\$2.1 million net loss recorded in the prior corresponding period.

The Group's balance sheet remains sound, with cash and bank balances totaling S\$2.1 million as at 30 June 2020 and a debt-to-equity ratio of 0.48 time for the period.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, **“We are pleased to report a resilient set of results this period amidst the challenging COVID-19 pandemic, and remain committed to securing more contracts in Southeast Asia and the Middle East. Simultaneously, we will continue to focus on prudent cost management and cash conservation in these unprecedented times. While we actively pursue more contracts, we also strive to expand our portfolio of maintenance service contracts to grow our recurrent revenue base, thereby achieving sustainable growth.”**

Notably, Starburst clinched a S\$40.9 million contract for the building of a firearms training facility in Southeast Asia in March 2020, representing its single largest contract secured. The Group also made progress for an earlier project in the Middle East with a revised contract of approximately S\$5.1 million to design, supply and install ballistic protection works for a Specialist Shooting Range and associated works in the Middle East. Notwithstanding the uncertain macroeconomic landscape, the Group continues to garner momentum early on in the second half of 2020, having announced another contract worth approximately S\$13.1 million in July for the upgrading of a tactical training mock-up facility in Southeast Asia.

Outlook

Total global military expenditure rose to US\$1,917 billion in 2019, representing a 3.6% increase from 2018 and the largest annual growth in spending since 2010¹. The five countries with the greatest spending include the United States, China, India, Russia and Saudi Arabia. Demand for military equipment is on the rise as governments across the globe focus on military modernisation, given increasing global security concerns.

In Asia, higher defence spending by major regional powers such as India, China and Japan will likely contribute to global sector growth. Military spending in Southeast Asia also increased 4.2% in 2019 to reach US\$40.5 billion¹. Terrorists continue to challenge security forces globally, as does conflict and instability in Africa and the Middle East.

¹ *Trends in World Military Expenditure, 2019 – Stockholm International Peace Research Institute (SIPRI), April 2020*

Ongoing geopolitical tensions in the Middle East are also creating a strong demand for military equipment.

As the COVID-19 situation is still evolving, there is a degree of uncertainty over the length and severity of this pandemic. Temporary operational issues faced by the Group, includes restriction put in place on our migrant workers that reside in dormitories as they are subjected to government's ongoing safety measures. As such, we have temporarily redeployed our local and Malaysia workforce to carry out the ongoing works. As of this announcement, there have not been any cases of our workers being infected by COVID-19.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, **“Global defense spending has accelerated in recent years due to rising threat of terrorism and extremism. We will ride on this positive momentum to help our customers fulfill their most vital missions. We have further participated in tenders in both Southeast Asia and the Middle East in 2020 and we anticipate positive results from these bids.”**

– The End –

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.*

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