PACIFIC STAR
DEVELOPMENT LIMITED

(Incorporated in the Republic of Singapore)
Business Reg. No: 198203779D
(the “**Company**”)

Unaudited Condensed Interim Financial Statements For The Three-Month Financial Period Ended 30 September 2021

Pursuant to the Company’s announcement dated 15 October 2021, the Company is seeking an extension of time to release its audited financial statements and annual report as well as the holding of its Annual General Meeting (“**AGM**”) for the financial year ended 30 June 2021 (“**FY2021**”).

The Company is required to continue to do Quarterly Reporting (“**QR**”) in view of the disclaimer opinion issued by our auditors in the Company’s latest annual report for the financial year ended 30 June 2020 (being the latest available audited financial statements). This QR announcement is mandatory, made pursuant to the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) requirements as required under Listing Rule 705(2C) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

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Pacific Star Development Limited and its Subsidiaries

Consolidated Statement Of Comprehensive Income
For the three-month financial period ended 30 September 2021

		The Group	
		Three months ended	
	Note	30-Sep-21	30-Sep-20
		$'000	$'000
Revenue	4	1,615	-
Cost of sales		(1,548)	-
Gross profit		**67**	**-**
Other operating income	5	246	937
Expenses:			
Administrative		(1,226)	(1,178)
Other expenses	6	-	(574)
Finance costs	7	(5,612)	(5,024)
Share of results of joint venture	8	(96)	(455)
Share of results of associate	8	(7)	(31)
Loss before tax	9	**(6,628)**	**(6,325)**
Income tax expense		-	-
Net loss for the financial period		**(6,628)**	**(6,325)**
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from:			
- consolidation		(3)	147
- joint venture		-	200
- associate		-	14
		(3)	361
Total comprehensive loss for the financial period		**(6,631)**	**(5,964)**
Net loss attributable to:			
Owners of the Company		**(6,628)**	**(6,325)**
Total comprehensive loss attributable to:			
Owners of the Company		**(6,631)**	**(5,964)**
Earning per share		**Singapore cents per share**	**Singapore cents per share**
Loss for the financial period attributable to owners of the Company			
Basic and diluted	10	**(1.33)**	**(1.27)**

Pacific Star Development Limited and its Subsidiaries

Balance Sheets
As at 30 September 2021

	Note	The Group 30-Sep-21 $'000	The Group 30-Jun-21 $'000	The Company 30-Sep-21 $'000	The Company 30-Jun-21 $'000
Non-current assets					
Property, plant and equipment		44	51	1	2
Right-of-use assets		108	171	-	-
Investment in subsidiaries		-	-	13,246	13,246
Defered costs		300	272	-	-
Total non-current assets		452	494	13,247	13,248
Current assets					
Deferred costs		306	254	-	-
Development properties	11	132,799	133,531	-	-
Trade receivables		789	845	-	-
Other receivables and other current assets	12	514	566	3,293	3,296
Cash at bank		488	149	22	14
Restricted cash	13	1,245	1,241	-	-
Total current assets		136,141	136,586	3,315	3,310
Total assets		**136,593**	**137,080**	**16,562**	**16,558**
Non-current liabilities					
Loans and borrowings	14	46,926	46,671	-	-
Trade payables		52	51	-	-
Other payables	15	517	622	-	-
Total non-current liabilities		47,495	47,344	-	-
Current liabilities					
Loans and borrowings	14	114,889	108,807	-	-
Lease liabilities		125	200	-	-
Trade payables		11,521	11,911	-	-
Other payables	15	38,385	37,837	19,113	18,844
Deferred income		42	39	17	17
Current tax liabilities		5,836	6,011	-	-
Total current liabilities		170,798	164,805	19,130	18,861
Total liabilities		**218,293**	**212,149**	**19,130**	**18,861**
Net liabilities		**(81,700)**	**(75,069)**	**(2,568)**	**(2,303)**
Capital and reserves attributable to owners of the Company					
Share capital	16	47,801	47,801	197,055	197,055
Treasury shares	17	-	-	(513)	(513)
Accumulated losses		(130,681)	(124,053)	(199,110)	(198,845)
Other reserves		1,180	1,183	-	-
Capital deficieny attributable to owners of the Company and total equity		**(81,700)**	**(75,069)**	**(2,568)**	**(2,303)**
Net liabilities value per share (Singapore cent per share)	18	**(16.35)**	**(15.02)**	**(0.51)**	**(0.46)**

Statements of Changes In Equity
For the three-month financial period ended 30 September 2021

	Attributable to owners of the Company			
	Share capital	Accumulated losses	Foreign currency translation reserve	Total equity
The Group	$'000	$'000	$'000	$'000
Balance as at 1 July 2020	**47,801**	**(96,323)**	**1,333**	**(47,189)**
Net loss for the financial period	-	(6,325)	-	(6,325)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- Joint venture	-	-	200	200
- consolidation	-	-	147	147
- associate	-	-	14	14
Reclassification from foreign currency translation reserve	-	214	(214)	-
Total comprehensive loss for the financial period	-	(6,111)	147	(5,964)
Balance as at 30 September 2020	47,801	(102,434)	1,480	(53,153)
Net loss for the financial period	-	(7,765)	-	(7,765)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- consolidation	-	-	(27)	(27)
Net loss for the financial financial period	-	(7,765)	(27)	(7,792)
Balance as at 31 December 2020	47,801	(110,199)	1,453	(60,945)
Net loss for the financial period	-	(8,187)	-	(8,187)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- consolidation	-	-	(124)	(124)
Net loss for the financial financial period	-	(8,187)	(124)	(8,311)
Balance as at 31 March 2021	47,801	(118,386)	1,329	(69,256)
Net loss for the financial period	-	(5,667)	-	(5,667)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- consolidation	-	-	(146)	(146)
Net loss for the financial financial period	-	(5,667)	(146)	(5,813)
Balance as at 30 June 2021	**47,801**	**(124,053)**	**1,183**	**(75,069)**
Balance as at 1 July 2021	**47,801**	**(124,053)**	**1,183**	**(75,069)**
Net loss for the financial period	-	(6,628)	-	(6,628)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- consolidation	-	-	(3)	(3)
Total comprehensive loss for the financial period	-	(6,628)	(3)	(6,631)
Balance as at 30 September 2021	**47,801**	**(130,681)**	**1,180**	**(81,700)**

Statements of Changes In Equity (cont'd)
For the three-month financial period ended 30 September 2021

The Company	**Share capital $'000**	**Treasury shares $'000**	**Accumulated losses $'000**	**Total $'000**
Balance as at 1 July 2020	**197,055**	**(513)**	**(197,626)**	**(1,084)**
Net loss for the financial period representing total comprehensive loss for the financial period	-	-	(271)	(271)
Balance as at 30 September 2020	197,055	(513)	(197,897)	(1,355)
Net loss for the financial period representing total comprehensive loss for the financial period	-	-	(314)	(314)
Balance as at 31 December 2020	197,055	(513)	(198,211)	(1,669)
Net loss for the financial period representing total comprehensive loss for the financial period	-	-	(331)	(331)
Balance as at 31 March 2021	197,055	(513)	(198,542)	(2,000)
Net loss for the financial period representing total comprehensive loss for the financial period	-	-	(303)	(303)
Balance as at 30 June 2021	**197,055**	**(513)**	**(198,845)**	**(2,303)**
Balance as at 1 July 2021	**197,055**	**(513)**	**(198,845)**	**(2,303)**
Net loss for the financial period, representing total comprehensive loss for the financial period	-	-	(265)	(265)
Balance as at 30 September 2021	**197,055**	**(513)**	**(199,110)**	**(2,568)**

Consolidated Cash Flow Statement
For the three-month financial period ended 30 September 2021

	Note	The Group	
		Three months ended	
		30-Sep-21	30-Sep-20
		$'000	$'000
Cash flows from operating activities			
Loss before income tax		(6,628)	(6,325)
Adjustments for:			
Finance costs		5,612	5,024
Share of results of joint venture		96	455
Amortisation of deferred costs		68	8
Depreciation of right-of-use assets		63	63
Depreciation of property, plant and equipment		9	10
Share of results of associate		7	31
Forfeiture income		(4)	(43)
Trade receivables written-off		-	476
Expected credit losses on trade receivables		-	10
Effects of cancallation of sale and purchase agreements		-	(242)
Interest income		-	(35)
Operating cash flow before working capital changes		(777)	(568)
Movement in working capital:			
Changes in development properties		984	(167)
Changes in trade, other receivables and other current assets		115	1,478
Changes in trade and other payables		(1,026)	(1,464)
Changes in deferred costs		(65)	-
Changes in deferred income		-	8
Effects of currency translation on working capital		(312)	(835)
Cash flows used in operations		(1,081)	(1,548)
Finance costs paid		(236)	(456)
Income tax paid		(194)	(196)
Interest income received		-	8
Net cash used in operating activities		**(1,511)**	**(2,192)**
Cash flows from investing activities			
Funding to joint venture		(96)	-
Funding to associate		(7)	-
Purchase of property, plant and equipment		(2)	-
Net cash used in investing activities		**(105)**	**-**
Cash flows from financing activities			
Proceeds from loans from the Lenders		2,000	-
Repayment of lease liabilities		(75)	(51)
Net proceeds from bank loan		-	1,296
Movement in restricted cash		-	(117)
Net cash generated from financing activities		**1,925**	**1,128**
Net increase/(decrease) in cash and cash equivalents		**309**	**(1,064)**
Effect of currency translation on cash and cash equivalents		8	(22)
Cash and cash equivalents at beginning of financial period		(2,425)	905
Cash and cash equivalents at end of financial period	**19**	**(2,108)**	**(181)**

1. Corporate information

Pacific Star Development Limited (Co. Reg. No: 198203779D) (the "**Company**") is a public limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The trading of the Company's shares on SGX-ST has been voluntarily suspended since 24 March 2020.

The registered office and the principal place of business of the Company is located at 2 Venture Drive, #19-15/17 Vision Exchange, Singapore 608526.

The principal activity of the Company is investment holding. The principal activity of the Group's principal subsidiary, Pearl Discovery Development Sdn Bhd ("**PDD**"), is that of a real estate developer for a mixed-used development known as Puteri Cove Residences and Quayside ("**PCR**") at Iskandar Puteri, Johor, Malaysia ("**Iskandar**").

2. Basis of preparation

The condensed interim financial statements for the three-month financial period ended 30 September 2021 ("**1QFY2022**") (the "**Financial Statements**") have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The Financial Statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (collectively the "**Group**") since the last interim financial statements for the financial year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The Financial Statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000), except where otherwise indicated.

2.1 Going concern assumption

The Group's results for 1QFY2022 were adversely affected by the weak property market in Iskandar and the Group incurred a net loss of $6,628,000. As at 30 September 2021, the Group's capital deficiency amounted to $81,700,000 and the Group's loans and borrowings amounted to $161,815,000, of which $114,889,000 were classified as current liabilities. The Group's current assets of $136,141,000 mainly comprise development properties amounting to $132,799,000 as at 30 September 2021.

The Company incurred a net loss of $265,000 for 1QFY2022 and as at that date, the Company's current liabilities exceeded its current assets by $15,815,000. The Company's current liabilities of $19,130,000 as at 30 September 2021 comprise mainly $2,798,000 due to CH Biovest Pte. Limited ("**CH Biovest**") and $853,000 due to DB2 Investment Pte. Ltd. ("**DB2**") (the "**Subordinated Debts**") as well as $14,644,000 due to subsidiaries (the "**Due To Subsidiaries**"). These are subordinated to the $72,000,000 Loan Facility provided by a group of lenders (the "**Loan Facility**").

The above factors and the challenging property market conditions in Iskandar could adversely impact the sale of the Group's development properties and give rise to material uncertainties on the abilities of the Group and Company to continue as going concerns.

2. Basis of preparation (cont'd)

2.1 Going concern assumption (cont'd)

In the assessment of going concern, the Board has considered the following factors:

The ability of the Company to operate as a going concern is dependent on:

(i) The sale of the Group's unsold units at PCR and the timely repatriation of such profits; and

(ii) The going concern of the Group.

As at the date of the issuance of these Financial Statements, considering that the maturity date of the Loan Facility have been amended to 5 October 2023 (Note 22(b)), there is no indication that the Subordinated Debts and the Due To Subsidiaries will be recalled since these are subordinated to the Loan Facility.

In the assessment of Group's going concern, the Board has considered the following factors:

(i) the negative implications and sentiments driven by the current COVID-19 pandemic;

(ii) the Group is in various stages of discussions with various parties in relation to the sales of significant numbers of units in PCR;

(iii) subsequent to 30 September 2021, as disclosed in Note 22(b):

  (a) the Group has obtained from the group of lenders that provided the Loan Facility (the "**Lenders**") additional financing for PDD (the "**Additional Financing**") which will enable the Group to meet its short-term obligations; and

  (b) in relation to the Loan Facility of $72 million, the Group has entered into a definitive agreement with the Lenders which, amongst others, amended the maturity of the Loan Facility to 5 October 2023 and provided waivers for the various breaches relating to the Loan Facility covenants. This will enable the Group to restructure a significant portion of its loans and borrowing from current to non-current.

(iv) the Group's cash flow projection for the next 12 months.

The Board considered the above and concluded, despite the positive developments relating to item (iii) in the immediately preceding paragraph, that:

(a) unless the COVID-19 pandemic is brought under control globally, the fruition of such discussions as presented in item (ii) above will likely be delayed. Despite the Group's best efforts, the fruition of such measures as described in item (ii) above is uncertain and not within the control of the Group;

(b) the sale of units in PCR to individual buyers has slowed down significantly and may continue to be so until the COVID-19 pandemic is brought under control globally; and

(c) currently, there is no clear indication as to how long the COVID-19 pandemic will last, the extent of the damage to global economy; and when various countries will fully lift travel restrictions.

Based on current circumstances, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligations in the next twelve (12) months as and when they fall due, and consequently, there is uncertainty as to their respective abilities to operate as going concerns for the next twelve (12) months. Notwithstanding the above, the Board has assessed and is of the view that it is appropriate that the Financial Statements of the Group and Company are to be prepared on a going concern basis.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively (collectively referred to herein as the "**Adjustments**").

2. Basis of preparation (cont'd)

2.1 Going concern assumption (cont'd)

Presently, due to the uncertainties involved, management is unable to quantify the Adjustments (if any are required). Hence, no adjustments have been made to the balances presently in the balance sheets of the Group and Company to account for the Adjustments.

Shareholders and potential investors are advised to exercise caution in dealing of shares in the Company. The Company will make further announcements as appropriate or when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

2.2 Changes in accounting policies

The Group has adopted the new accounting standards, amendment and interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2021. The adoption of the new accounting standards, amendment and interpretation of the existing standards did not have any material impact on the Group's results.

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Financial Statements in conformity with SFRS(I)s requires management to make certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the financial year ended 30 June 2020 (being the latest set of audited financial statements).

The estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year included the following:

3.1 Critical judgments in applying accounting policies

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such evidence or indication exists, based on the evaluation of both internal and external sources of information. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost or Net Realisable Value ("**NRV**"). NRV is assessed with reference to the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions or indicative offers. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration estimated budget and work to be done.

The Group's carrying value of development properties as at 30 September 2021 is $132,799,000 (30 June 2021: $133,531,000).

(b) Provision for expected credit losses for trade receivables

The Group calculates Expected Credit Losses ("**ECLs**") for trade receivables based on the Group's historical observed default rates. The Group's ECLs adjusts for its historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

In relation to the Group's trade receivables, the Group has limited credit risk as in the event where overdue trade receivables are not collected, the Group will cancel the contract, reverse the trade receivable and repossess the PCR units. Hence, the management is satisfied that no material ECLs is required on its trade receivables

The Group's carrying amount of trade receivables as at 30 September 2021 is $789,000 (30 June 2021: $845,000).

(c) Estimation of the recoverable value of the Company's investment in subsidiaries

An estimate of the projected cash flow from the Company's investment in subsidiaries is made when there is indication that impairment exists. The projected cash flow is based on assumptions, including, amongst others, the expected performance, the materialisation of the business plans and macroeconomic environment that are beyond the control of management, which are inherently subjected to uncertainties. The recoverable value of the Company's investments in subsidiaries represents management's best estimate as at the end of the reporting period.

The Company's carrying amount of investment in subsidiaries as at 30 September 2021 is $13,246,000 (30 June 2021: $13,246,000).

4. Revenue

The Group's revenue pertains to the proceeds received, net of any incentives provided, from the sale of development properties.

4.1 Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors during 1QFY2022 and the three-month financial period ended 30 September 2020 ("**1QFY2021**").

5. Other operating income

	The Group	
	1QFY2022	**1QFY2021**
	$'000	**$'000**
Foreign exchange gain	203	516
Others	25	39
Rental income	14	18
Forfeiture income	4	43
Government grants	-	44
Effects of cancellation of sales and purchase agreements	-	242
Interest income	-	35
	246	937

6. Other expenses

	The Group	
	1Q2022	**1QFY2021**
	$'000	**$'000**
Trade receivables written-off	-	476
Penalties and fines	-	88
Expected credit loss on trade receivables	-	10
	-	574

7. Finance costs

	The Group	
	1QFY2022	1QFY2021
	$'000	$'000
Loan from Lenders:		
- interest expense	3,986	3,986
- amortisation of transactional costs	-	108
Loan from a bank:		
- interest expense	560	604
- amortisation of transactional costs	159	234
Interest expense on:		
- contractors and purchaser of the Group's liabilities	818	-
- bank overdraft	43	41
- amount due to a related party	33	44
- third party	10	-
- lease liabilities	3	7
	5,612	5,024

8. Share of results of joint venture/associate

Associate relates to the Group's 49% equity interest in Pacific Star Development (Thailand) Co., Ltd ("**PSDT**") which is held by a wholly-owned subsidiary of the Company.

Joint venture relates to the Group's 51% equity interest in Minaret Holdings Limited ("**Minaret**") held by a wholly-owned subsidiary of the Company. As Minaret is subjected to joint control with the other joint venture partner under contractual agreement and requires unanimous consent for all major decisions over the relevant activities, it is treated as a joint venture instead of a subsidiary.

The purpose of investments in joint venture and associate was to hold Kanokkorn Pattana Co., Ltd. ("**KNK**"), the developer of the project in Bangkok, Thailand, known as The Posh Twelve ("**P12**").

As announced on 3 February 2020, the main contractor for P12 had issued a notice of stoppage of work due to disputes in respect of payments and construction progress. On 23 June 2020, the Company announced that pursuant to a strategic review, Minaret had initiated bankruptcy proceedings against KNK by recalling the loans made by Minaret to KNK (the "**KNK Bankruptcy**"). On 17 May 2021, the Company announced that on 14 May 2021, the Thai Bankruptcy Court has granted an absolute receivership order for KNK. Subsequently, the Thai Department of Legal Execution assigned an official receiver for KNK and arranged for the receivership order to be published in the Royal Gazette of Thailand.

Subsequent to the KNK Bankruptcy, the constructive obligations to continue funding the P12 project through the associate and joint venture have ceased.

During the 1QFY2021, the share of results of joint venture and associate relate to the funding provided by the Group to see through the KNK Bankruptcy and the sales and purchase agreement with a buyer as announced on 17 September 2020. The sales and purchase agreement has been cancelled on 26 January 2021 and announced on the same date.

During 1QFY2022, the share of results of joint venture and associate relate to the funding provided by the Group in relation to the KNK Bankruptcy matters and to maintain the live status of the associate respectively.

9. Loss before tax

	The Group	
	1QFY2022	1QFY2021
	$'000	$'000
Loss before tax has been arrived at after charging/(crediting):		
Finance costs	5,612	5,024
Foreign exchange net gain	203	516
Amortisation of deferred costs	68	8
Depreciation of right-of-use assets	63	63
Depreciation of property, plant and equipment	9	10
Expected credit losses for trade receivables	-	10
Forfeiture income	(4)	(43)
Trade receivables written-off	-	476
Effects of cancellation of sale and purchase agreements	-	(242)
Interest income	-	(35)

10. Earnings per share

	The Group	
	1QFY2022	1QFY2021
Loss for the financial period ($)	(6,628,000)	(6,325,000)
Weighted average number of ordinary shares	499,660,878	499,660,878
Basic and diluted Earning Per Share ("**EPS**") (Singapore cents)	**(1.33)**	**(1.27)**

The basic and diluted EPS for the respective financial period are computed based on the loss attributable to the owners of the Company and the weighted average number of the Company's ordinary shares (excluding treasury shares) in issue during the respective financial periods.

The basic and diluted EPS for the above financial period are the same as there were no potentially dilutive ordinary shares in issue.

11. Development properties

The development properties relate to the Group's PCR project located in Iskandar which is developed by the principal subsidiary of the Group, PDD.

12. Other receivables and other current assets

	The Group		The Company	
	30-Sep-21	30-Jun-21	30-Sep-21	30-Jun-21
	$'000	$'000	$'000	$'000
Deposits	208	209	-	-
Sundry debtors	25	26	-	-
Net GST receivables	8	12	2	7
Job Support Scheme receivables	3	4	-	-
Due from subsidiares	-	-	3,273	3,266
	244	251	3,275	3,273
Other prepayments	270	315	18	23
	514	566	3,293	3,296

13. Restricted cash

As at 30 September 2021 and 30 June 2021, the restricted cash relates largely to the Debt Service Reserve Account ("**DSRA**") placement in relation to Facility A (as defined in Note 14).

14. Loans and borrowings

The Group	**30-Sep-21**		**30-Jun-21**	
	$'000 Secured	**$'000 Unsecured**	**$'000 Secured**	**$'000 Unsecured**
Non-current: Repayable, after one year				
Bank loan	46,926	-	46,671	-
Current - Repayable in one year or less, or on demand				
Bank loan	3,356	-	3,282	-
Bank overdraft	2,596	-	2,574	-
Loan Facility	108,937	-	102,951	-
	114,889	-	108,807	-

The bank loan and overdraft facility granted by a bank in Malaysia is hereby referred to as Facility A.

Facility A is secured by the following:

(i) legal mortgage on the Group's PCR;

(ii) all-monies debenture and power of attorney over the assets and properties of the Company's wholly-owned subsidiary, PDD;

(iii) assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of PCR (including assignment of the PDD project account); and

(iv) corporate guarantee from PSDS, a wholly-owned subsidiary of the Company.

The Loan Facility is secured by the following:

(i) assignment of inter-company loans owed to the Group for the purposes of PCR and P12;

(ii) assignment of development management agreements relating to PCR and P12;

(iii) corporate guarantees by and debentures over the Company, and its wholly-owned subsidiary, PSDS, and debentures over the wholly-owned subsidiaries of PSDS, namely, Twin Prosperity Group Ltd. ("**TPG**") and Tropical Sunrise Development Inc. ("**TSD**"); and

(iv) share charges over shares of the Company's subsidiary, PSDS, and wholly-owned subsidiaries of PSDS, namely, TPG, TSD, PDD, and the Group's joint venture (Minaret) and the Group's associate (PSDT).

The Loan Facility was initially due on 28 December 2020, subsequent to 30 September 2021, the maturity date of the Loan Facility has been amended to 5 October 2023, or if earlier, coterminous with the maturity date of PDD's Facility A (Note 22(b)). This development had also been announced by the Company on 14 October 2021.

As at 30 September 2021, the Group was seeking waiver of, amongst others, the breach of covenants relating to "change in control", "disruption of trading", non-maintenance of DSRA account and the sale of Tower 3 by 30 June 2020 (collectively referred to herein as "**Breaches**"). Subsequent to 30 September 2021, such Breaches have been waived by the Lenders (Note 22(b)).

15. Other payables

	The Group		The Company	
	30-Sep-21	30-Jun-21	30-Sep-21	30-Jun-21
	$'000	$'000	$'000	$'000
Non-current				
GST clawback and penalties payables	488	591	-	-
Other payables	29	31	-	-
	517	622	-	-
Current				
Other payables	16,098	12,699	-	-
Due to a related party	7,348	9,545	2,798	3,651
Accruals	7,022	9,821	408	453
Due to a third party	2,241	-	853	-
PCR Resident Committee	1,819	1,706	-	-
Penalties payable	1,485	1,479	-	-
Sundry creditors	864	590	-	-
PCR deposits received	679	1,169	-	-
GST clawback and penalties payables	418	417	-	-
Due to liquidator of subsidiaries	410	410	410	410
Due to associate	1	1	-	-
Due to subsidaries	-	-	14,644	14,330
	38,385	37,837	19,113	18,844

GST clawback and penalties payables

The amount relates to the clawback of over-claimed Goods and Services Tax ("**GST**") recoverable and penalties imposed by the Malaysia Customs ("**Customs**") on the Company's wholly-owned subsidiary, PDD, for over-claim of GST in prior years. During the FY2021, Customs granted PDD a three-year instalment plan and, accordingly, those scheduled payments that are not due within the next twelve (12) months are presented as non-current liabilities.

Due to a related party/Due to a third party

As at 30 June 2021, the amount due to a related party by the Group and the Company amounted to $9,545,000 and $3,651,000 respectively. These relate to advances from PSD Holdings Pte. Ltd. ("**PSDH**") (collectively referred to herein as "**PSDH Loans**"), a company formerly controlled by a related party, being a former controlling shareholder of the Company. In March 2020, due to the bankruptcy of that related party, the related party is deemed to have lost control over the shares of the Company which are now vested in the private trustee of the related party's bankrupt estate (the "**Trustee**").

As at 30 June 2021, the PSDH Loans comprises $5.65 million of interest-free loans (with effect from 1 July 2018), $3.50 million of loans bearing 5% interest per annum (with effect from 6 February 2020) and accrued interest amounting to $0.41 million. The PSDH Loans were subordinated to the Loan Facility.

On 19 September 2021, the Company announced that the Company had been informed on 17 September 2021 that the PSDH Loans have been assigned in full by PSDH (the control of which is now vested in the Trustee) to (i) CH Biovest and (ii) DB2 via a Deed of Assignment with effect from 30 April 2021 (the "**Deed of Assignment**"). The effects of the Deed of Assignment are as follows:

(i) CH Biovest, a controlling shareholder of the Company holding 35.52% of the shares in the share capital of Company, shall be assigned 76.63% of PSDH's rights, title, interest and benefits in and to PSDH Loans to the Group (and all other interest and benefits accruing under the PSDH Loans after 30 April 2021) with effect from 30 April 2021, free of all encumbrances; and

(ii) DB2, a third party, shall be assigned 23.37% of PSDH's rights, title, interest and benefits in and to the PSDH Loans to the Group (and all other interest and benefits accruing under the PSDH Loans after 30 April 2021) with effect from 30 April 2021, free of all encumbrances. DB2 has no shareholding in the Company, and is not related to any director, controlling shareholder and/or their respective associates.

15. Other payables (cont'd)

Accordingly, the sums owing by the Group and the Company to PSDH pursuant to the PSDH Loans shall be assigned to CH Biovest and DB2 in accordance with the abovementioned proportions (the "**Assignment**").

As at 30 September 2021:

- the amount due to CH Biovest and DB2 are subordinated to the Loan Facility pursuant to certain accession agreements entered into by CH Biovest and DB2;

- the amount due to a related party pertains to the sum owning to CH Biovest while the amount due to a third party pertains to the sum owning to DB2; and

- of the sums due to CH Biovest and DB2, \$2,681,970 and \$818,030 respectively bear interest at 5% per annum.

<u>PCR Resident Committee</u>

The PCR Resident Committee relates largely to maintenance charges and sinking funds and the associated late interest charges for unsold PCR units.

<u>Penalties payable</u>

This amount relates to penalties imposed by the Inland Revenue Board of Malaysia ("**IRB**") on PDD, a wholly-owned subsidiary of the Company, for late payment and under-estimated chargeable income subjected to corporate income tax in prior years.

<u>PCR deposits received</u>

PCR deposits received comprise purchase deposits received from PCR unit buyers and security deposits from tenants of PCR retail units.

<u>Due to liquidator of subsidiaries</u>

Due to liquidator of subsidiaries (companies of the Group's former Aluminium Division) relates to advances previously received by the Company from subsidiaries currently under liquidation, which will be paid to the liquidator of these subsidiaries prior to the completion of their liquidation. The Company had announced on 22 May 2019 its intention to discontinue its Aluminium business via a creditors' voluntary liquidation.

16. Share capital

	As at 30 September 2021 and 30 June 2021	
	Number of ordinary shares	**$'000**
The Group		
Issued and fully paid ordinary shares	502,336,278	47,801
The Company		
Issued and fully paid ordinary shares	502,336,278	197,055

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting.

There were no changes in the Company's share capital since the end of the previous financial period reported on.

16. Share capital (cont'd)

As at 30 September 2021 and 30 June 2021, the Company had no outstanding instruments convertible into shares of the Company.

As at 30 September 2021 and 30 June 2021, there were no subsidiary holdings in the Company. There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

17. Treasury shares

	30-Sep-21		30-Jun-21	
	Number of ordinary shares	$'000	Number of ordinary shares	$'000
The Company				
Balance as at end of reporting period	2,675,400	(513)	2,675,400	(513)
Total number of issued shares	502,336,278		502,336,278	
Less: Total number of treasury shares	(2,675,400)		(2,675,400)	
Total number of issued shares excluding treasury shares	499,660,878		499,660,878	
Percentage of treasury shares over total number of issued shares	0.5%		0.5%	

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

18. Net liabilities per share

	The Group		The Company	
	30-Sep-21	30-Jun-21	30-Sep-21	30-Jun-21
Net liabilities ($)	(81,700,000)	(75,069,000)	(2,568,000)	(2,303,000)
Number of issued shares (excluding treasury shares)	499,660,878	499,660,878	499,660,878	499,660,878
Net liabilities per share (Singapore cents)	**(16.35)**	**(15.02)**	**(0.51)**	**(0.46)**

19. Cash and cash equivalent for Consolidated Statement of Cash Flow

	The Group	
	30-Sep-21	30-Sep-20
	$'000	$'000
Cash at bank	488	2,375
Add: Bank overdraft	(2,596)	(2,556)
Cash and cash equivalent	**(2,108)**	**(181)**

20. Segmental information

20.1 Business segment

The Group currently operates in a single segment, i.e. property development. Hence no segmental financial results is presented.

20.2 Geographical segment

Geographically, the Group manages and monitors the business in two primary geographic areas being Singapore and Malaysia.

Sales are based on the country in which the subsidiary operates. Non-current assets is shown by the geographical area in which the assets is located.

	Revenue		**Non-current assets**	
The Group	**1QFY2022**	**1QFY2021**	**30-Sep-21**	**30-Jun-21**
	$'000	**$'000**	**$'000**	**$'000**
Malaysia	1,615	-	323	298
Singapore	-	-	129	196
Total	1,615	-	452	494

21. Related party transactions

There is no material related party transaction apart from that interested person transaction as disclosed in paragraph 9 on page 23, directors' fees and compensation to key management personnel.

22. Subsequent events

(a) On 6 October 2021, the Company announced that the Lenders have issued a letter to TPG, a wholly owned subsidiary of the Group, where they agreed to capitalise the cash interest amounting to $1,756,259.54 for 1QFY2022 (the "**Cash Interest for 1QFY2022**") (the "**1QFY2022 Capitalisation of Interest**"). Pursuant to the 1QFY2022 Capitalisation of Interest, the Cash Interest for 1QFY2022 would be added to the outstanding principal amount under the Loan Facility and will subsequently be treated for all purposes of the Loan Facility as part of the principal amount of the Loan Facility and accrue interest and be repayable in accordance with the Loan Facility. Consequently, the Cash Interest for 1QFY2022 need not be paid in cash.

(b) On 14 October 2021, the Company announced that in connection with the Lenders providing $30,000,000 additional financing to PDD (the "**Additional Financing**"), the principal subsidiary of the Group, it is necessary for the Group to restructure the existing Loan Facility. Hence, in relation to the original facility agreement dated 24 December 2018 between TPG, a wholly-owned subsidiary of the Group, and Lenders, which was amended by an amendment agreement dated 30 June 2021 (the "**Original FA**"), TPG and the parties to the Original FA have agreed to further amend and restate the Original FA, These amendments and restatements have been documented by way an amendment and restatement agreement dated 1 October 2021 (the "**Amendment**") (the Original FA as amended and restated by the Amendment, referred to herein as the "**Amended FA**").

22. Subsequent events (cont'd)

The Amended FA, amongst others:

- puts into effect relevant amendments to the Original FA to facilitate PDD's entry into the Additional Financing;

- amended the Loan Facility maturity date (being 28 December 2020) to 5 October 2023, or if earlier, coterminous with the maturity date of PDD's Facility A; and

- upon the date of taking effect of the Amended FA (subject to the satisfaction of conditions precedent customary of a transaction of this nature) (the "**Amendment Effective Date**"), the Lenders waive each and every default in respect of the Original FA which has occurred prior to the Amendment Effective Date.

As an update to the above, the condition precedents relating to the Amended FA and the Additional Financing were satisfied and the Amendment Effective Date has been determined to be 29 October 2021.

(c) On 15 October 2021, the Company announced that it had submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") for an application for the following extensions of time:

(i) 2-month, from 31 October 2021 to 31 December 2021, for the Company to hold its AGM for FY2021,

(ii) 2-month, from 30 November 2021 to 31 January 2022, for the Company to submit its sustainability report; and

(iii) 1-month, from 24 November 2021 to 24 December 2021, for the Company to submit its Resumption of Trading Proposal,

The Company also announced that it was concurrently requesting for an extension of time with the Accounting and Corporate Regulatory Authority ("**ACRA**") for holding of its AGM and submission of its annual return pursuant to Sections 175 and 197 of the Companies Act (Chapter 50) of Singapore respectively.

On 28 October 2021, the Company announced that ACRA had on 27 October 2021 allowed the extension sought, and thereby prescribed a deadline of 31 December 2021 for the Company to hold its AGM and a new deadline of 31 January 2022 for the Company to file its annual return.

23. Comparatives

The comparatives for 1QFY2022 are based on the announcement dated 14 January 2021.

Other Information Required by Listing Rule Appendix 7C

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The Financial Statements have not been audited or reviewed by our auditors.

2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable in accordance with Paragraph 3A of Appendix 7C of the Catalist Rules, as the auditors have issued a disclaimer opinion in relation to the use of the going concern assumption in most recent audited financial statements for the financial year ended 30 June 2020 ("**FY2020**").

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable as explained above.

4. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Statement of Comprehensive Income

Revenue and cost of sales

The Group's revenue increased by $1.62 million from $Nil in 1QFY2021. The increase was attributable to an increase in PCR units recognised as revenue where the Group maintained a near breakeven position for such PCR units recognised as revenue.

Other operating income

Other operating income decreased by $0.69 million from $0.94 million in 1QFY2021 to $0.25 million in 1QFY2022. The $0.69 million reduction was largely attributable to a $0.24 million reduction in effects of cancellation of Sale and Purchase Agreements (the "**SPAs**") for PCR units, $0.31 million reduction in foreign exchange gain, $0.12 million of reduction in forfeiture income, government grants and interest income.

Administrative expenses

The administrative expenses for 1QFY2022 were not materially different from that in 1QFY2021.

Other expenses

The $0.57 million decrease in other expenses was due to $0.48 million reduction of trade receivables written-off due to cancellation of SPAs and $0.09 million reduction penalties and fine as well as expected credit loss on trade receivables.

Finance costs

Finance costs increased by $0.59 million from $5.02 million in 1QFY2021 to $5.61 million in 1QFY2022. This was largely due to a $0.82 million increase of financing costs incurred for various schedules of repayment with various contractors and to a party that purchased some of the Group's liabilities, which was partially offset by a $0.18 million reduction in amortisation of transactional costs relating to the Loan Facility and Facility A.

Share of results of joint venture/associate

As explained in Note 8 of the Financial Statements, the share of results of joint venture and associate for 1QFY2022 pertains funding provided by the Group in relation to the KNK Bankruptcy matters and to maintain the live status of the associate respectively while in 1QFY2021, these relate to the funding provided by the Group to see through KNK Bankruptcy and the sales and purchase agreement with a buyer (as announced on 17 September 2020) which has been cancelled on 26 January 2021 as announced on the same date.

Net loss for the financial period

The Group recorded a net loss after tax of $6.63 million in 1QFY2022 as compared with $6.33 million in 1QFY2021. The $0.30 million increase in net loss was largely attributable to $0.69 million reduction in other income, $0.59 million increase in finance costs, which were partially offset by a $0.57 million reduction in other expenses and $0.38 million reduction in share of losses of joint venture and associate.

Review of Statement of Financial Position

Company

Net liabilities

The Company's net liabilities increased by $0.27 million due to the losses incurred by the Company which were funded by loans from a subsidiary.

The Group

Non-current assets

There were no material changes to the non-current assets between 30 September 2021 and 30 June 2021.

Current assets

The current assets of the Group decreased by $0.45 million $136.59 million as at 30 June 2021 to $136.14 million as at 30 September 2021. This decrease was due largely to $0.73 million reduction in development properties, largely due to PCR units recognised as cost of sales, which was offset partially $0.34 million increase in cash at bank.

Non-current liabilities

There were no material changes to non-current liabilities between 30 September 2021 and 30 June 2021.

Current liabilities

The Group's current liabilities increased by $5.99 million from $164.81 million as at 30 June 2021 to $170.80 million as at 30 September 2021. This increase is due largely to $6.08 million increase loan and borrowing, of which $2.00 million was attributable to the additional funding received under the Loan Facility and $3.99 million was attributable to capitalisation of interest on the Loan Facility.

Review of the Consolidated Cash Flow Statement

Net cash used in operating activities amounted to $1.51 million where $1.08 million of cash flow used by operations was largely attributable to the losses before tax incurred by the Group, payment of finance costs amounting to $0.24 million and income tax paid amounting to $0.19 million.

The finance costs paid was $5.38 million lower than the finance costs incurred during 1QFY2022 as Lenders have allowed the capitalisation of interest due under the Loan Facility, delay in payment of interest for the loans under Facility A as well as capitlisation of interest due to the purchaser of certain of the Group's liabilities.

The cash flow used in investing activities amounted to $0.11 million was largely attributable to the funding provided to joint venture and associate in relation to the KNK Bankruptcy matters and to maintain the live status of the associate respectively.

The Group's net cash generated from financing activities amounted to $1.93 million which was largely due to $2.00 million draw down of under the Loan Facility which was offset by $0.07 million of repayment of lease liabilities.

5. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On the operational front, the glut of completed residential property projects in Iskandar Puteri and Johor Bahru (Malaysia) has created a large oversupply which in turn affected the Group's financial performance.

On the macroeconomic front, the COVID-19 pandemic resulted in an unprecedented tandem of economic shocks and extensive travel disruptions, causing lockdowns in Malaysia, Singapore and all major economies. Unemployment rates have spiked significantly, economic growth turned negative and the spectre of general uncertainties has significantly increased from the perspective of potential buyers. As at the date of this announcement, the risk of resurgence of COVID-19 has not subsided for many economies. Realistically, it seems increasingly likely that until a significant proportion of the worldwide population have been vaccinated, COVID-19 will continue to be a threat to the global population and global economy.

7. Dividend Information

(a) Current financial period reported on - Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediate preceding year- Any dividend declared for the corresponding period of the immediate preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend was declared as there were no profits for 1QFY2022.

9. Interested Person Transactions

No Interested Person Transaction ("**IPT**") mandate was obtained by the Company. The IPT during 1QFY2022 is set out below for information. This IPT pertains to interest relating to the amount due to CH Biovest (Note 15). The relevant interest rate is 5.0% per annum, applied towards an amount of $2,681,970.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $
Finance costs			
CH Biovest	Controlling shareholder	33,800	Nil

10. Confirmation by the board pursuant to Rule 705(5) of the Catalist Rules

I, Ying Wei Hsein, being a director of Pacific Star Development Limited (the "**Company**"), do hereby confirm on behalf of the directors of the Company, that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Company and the Group for the 3-month period ended 30 September 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors of
PACIFIC STAR DEVELOPMENT LIMITED

Ying Wei Hsein
Executive Chairman
14 November 2021