PACIFIC STAR
DEVELOPMENT LIMITED

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Unaudited Financial Statements And Dividend Announcement For The Three-Month Period And Six-Month Period Ended 31 December 2019 For Pacific Star Development Limited (the "Company" and together with its subsidiaries, the "Group")

The Company is required to continue to do Quarterly Reporting ("QR") in view of the modified opinion issued by our statutory auditor in the Company's latest annual report for the financial year ended 30 June 2019. This QR announcement is mandatory, made pursuant to the Exchange's requirements as required under Listing Rule 705(2C) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

A Comparative financial periods

For the purposes of this results announcement:

- the current financial quarter being reported on, refers to the financial quarter from 1 October 2019 to 31 December 2019, shall be referred to herein as "**2QFY2020**";
- the corresponding financial quarter of the immediately preceding financial year, the financial quarter from 1 October 2018 to 31 December 2018, will be referred to herein as "**2QFY2019**";
- six-month financial period from 1 July 2019 to 31 December 2019 shall be referred herein as "**6MFY2020**";
- the corresponding six-month financial period from 1 July 2018 to 31 December 2018 shall be referred herein as "**6MFY2019**" and the financial year ended 30 June 2019 shall be referred to herein as "**FY2019**".

B Prior period adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

During FY2019, the Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards (the "**IFRS**") as issued by the International Accounting Standards Board. The new framework is referred to as SFRS(I) hereinafter.

In March 2019, the IFRS Interpretations Committee (the "**IFRSIC**") issued an update on the decisions reached by the IFRSIC and concluded its views that borrowing costs relating to development properties that are ready for its intended sales (i.e. ready for launch) should not be capitalised and instead, be expensed when incurred (the "**IFRSIC Conclusion**"). Following the update of the agenda decision by IFRSIC, the Group has ceased capitalisation of the borrowing costs relating to its development property when the property is ready for its intended sales.

The effects of the IFRSIC Conclusion on the Group's results and financial positions for FY2019 and prior financial years were presented in Note 3.2 on pages 64 to 70 of 2019 Annual Report. Accordingly, for the purposes of the comparative period 2QFY2019 and 6MFY2019 in this announcement, the Group has restated its previously announced unaudited financial figures which resulted in the following impact shown as "**IFRSIC Conclusion**":

The Group **$'000**	**2QFY2019 (As announced on 28 August 2019)**	**IFRSIC Conclusion (Increase)/Decrease**	**2QFY2019 (Restated)**
Cost of sales	(1,780)	319	(1,461)
Finance costs	(1,033)	(83)	(1,116)

The Group **$'000**	**6MFY2019 (As announced on 28 August 2019)**	**IFRSIC Conclusion (Increase)/Decrease**	**6MFY2019 (Restated)**
Cost of sales	(3,185)	512	(2,673)
Finance costs	(2,219)	(166)	(2,385)

The Group **$'000**	**1 July 2018 (As announced on 9 November 2018)**	**IFRSIC Conclusion (Increase)/Decrease**	**1 July 2018 (Restated)**
Development properties	143,946	(7,279)	136,667
Retained earnings	5,789	(3,433)	2,356
Non-controlling interest	29,405	(3,846)	25,559

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income statement, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

		The Group					
	Note	2QFY2020 $'000	2QFY2019 $'000	Changes %	6MFY2020 $'000	6MFY2019 $'000	Changes %
The Group	1		(Restated)			(Restated)	
Revenue	2	2,122	2,605	(19)	2,122	4,776	(56)
Cost of sales	2	(1,847)	(1,461)	26	(1,847)	(2,673)	(31)
Gross profit		**275**	**1,144**	(76)	**275**	**2,103**	(87)
Other operating income		826	401	106	1,474	536	175
Expenses:							
Marketing and distribution		(53)	(410)	(87)	(227)	(787)	(71)
Administrative		(2,288)	(3,112)	(26)	(3,825)	(3,563)	7
Others	3	(298)	-	N.M.	(550)	-	N.M.
Finance costs		(4,696)	(1,116)	321	(9,470)	(2,385)	297
Share of results of joint venture		(312)	(1,063)	(71)	(357)	(1,087)	(67)
Share of results of associate		(85)	835	N.M.	(168)	781	N.M.
Loss before tax		**(6,631)**	**(3,321)**	100	**(12,848)**	**(4,402)**	192
Income tax credit/(expense)		-	4	(100)	-	(47)	(100)
Net loss for the financial period		**(6,631)**	**(3,317)**	100	**(12,848)**	**(4,449)**	189
Other comprehensive income, net of tax:							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising from:							
- joint venture		83	-	N.M.	66	-	N.M.
- associate		(3)	-	N.M.	(19)	-	N.M.
- consolidation		(122)	(121)	1	203	(1,185)	N.M.
Total comprehensive loss for the financial year		**(6,673)**	**(3,438)**	94	**(12,598)**	**(5,634)**	124
Net loss attributable to:							
Owners of the Company		(6,631)	(3,811)	74	(12,848)	(4,246)	203
Non-controlling interest		-	494	(100)	-	(203)	(100)
		(6,631)	**(3,317)**	100	**(12,848)**	**(4,449)**	189
Total comprehensive loss attributable to:							
Owners of the Company		(6,673)	(3,871)	72	(12,598)	(5,231)	141
Non-controlling interest		-	433	(100)	-	(403)	(100)
		(6,673)	**(3,438)**	94	**(12,598)**	**(5,634)**	124

N.M. Not meaningful

Note 1 Please refer to item B "Prior period adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)" on page 1 of this announcement.

Note 2 On 28 August 2019, the Company announced that certain revenue previously recognised for Puteri Cove Residences ("**PCR**") in 2QFY2019 and 3QFY2019 should be reversed. Accordingly, revenue and cost of sales for 2QFY2019 and 6MFY2019 were restated and decreased by $4.67 million and $2.67 million respectively. Please refer to the Company's announcement dated 28 August 2019 for further details.

Note 3 Other expenses

	The Group			
	2QFY2020 $'000	2QFY2019 $'000	6MFY2020 $'000	6MFY2019 $'000
Adjudication costs and related expenses	298	-	298	-
GST receivable written-off	-	-	204	-
Expenses pertaining to Aluminium Division, currently under liquidation	-	-	48	-
	298	-	550	-

Certain reclassifications of other expenses previously reported in 2QFY2019 and 6MFY2019 were made to administrative expenses to conform to the presentation of the audited FY2019 financial statements.

During 2QFY2020, a Malaysian subsidiary had incurred $0.30 million in costs and fees relating to adjudication claims in respect of the construction work for PCR. Such costs and fees related to adjudication costs, legal fees, late payment interest and party-to-party costs.

A Malaysian subsidiary wrote off $0.20 million of Goods and Service Tax (“**GST**”) receivable in 6MFY2020 as the adjudication case with a contractor resulted in a delay of the declaration of GST recoverable to the Malaysian Tax Authority beyond the date of abolishment of GST in Malaysia. Hence, the amount was deemed irrecoverable and written off accordingly.

1(a)(i) Other disclosures to Group Income Statement

	Note	The Group			
		2QFY2020 $'000	2QFY2019 $'000 (Restated)	6MFY2020 $'000	6MFY2019 $'000 (Restated)
	1				
Loss before income tax has been arrived at after charging/(crediting):					
Finance costs	4	4,696	1,116	9,470	2,385
Foreign exchange net loss/(gain)		158	164	(297)	404
Provision for doubtful debts		-	293	-	293
Depreciation of right-of-use assets		64	-	127	-
Depreciation of property, plant and equipement		9	31	18	80
Interest income		(285)	(39)	(459)	(55)
Reversal of provision of bonus		-	-	-	(1,649)

Note 4 Finance costs for 2QFY2019 and 6MFY2019 were restated, please refer to item B “Prior period adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)” on page 1 of this announcement.

1 (b) (i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets		The Group		The Company	
		31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Investment in subsidiaries		-	-	49,198	49,198
Property, plant and equipment		40	52	-	-
Right-of-use assets		538	-	-	-
Total non-current assets		578	52	49,198	49,198
Current assets					
Development properties	5	141,498	136,163	-	-
Trade receivables		11,553	13,652	-	-
Other receivables and other current assets	6	23,325	20,595	3,197	241
Fixed deposits pledged		103	103	103	103
Restricted cash	7	1	2,544	-	-
Cash and bank balances		2,677	1,965	169	5
Total current assets		179,157	175,022	3,469	349
Total assets		**179,735**	**175,074**	**52,667**	**49,547**
Non-current liabilities					
Loans and borrowings		36,427	113,669	-	-
Lease liabilities		304	-	-	-
Other payables	8	-	1,557	-	-
Total non-current liabilities		36,731	115,226	-	-
Current liabilities					
Loans and borrowings		87,870	4,093	-	-
Trade payables		15,869	7,843	-	-
Other payables	8	27,635	24,172	16,887	13,033
Joint venture	9	1,642	1,353	-	-
Associate	10	2,360	2,174	-	-
Current tax liabilities		10,649	10,879	-	-
Lease liabilities		243	-	-	-
Total current liabilities		146,268	50,514	16,887	13,033
Total liabilities		**182,999**	**165,740**	**16,887**	**13,033**
Net (liabilities)/assets		**(3,264)**	**9,334**	**35,780**	**36,514**
Capital and reserves attributable to owners of the Company					
Share capital		47,801	47,801	197,055	197,055
Treasury shares		-	-	(513)	(513)
Accumulated losses		(52,327)	(39,479)	(160,762)	(160,028)
Other reserves		1,262	1,012	-	-
Equity attributable to owners of the Company and total equity		**(3,264)**	**9,334**	**35,780**	**36,514**

Note 5 Development properties

The development properties pertain to PCR located in Iskandar Puteri, Malaysia, which is developed by the Company's wholly-owned indirect subsidiary, Pearl Discovery Development Sdn. Bhd. ("**PDD**").

Note 6 Other receivables and other current assets

	The Group		The Company	
	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19
	$'000	$'000	$'000	$'000
Due from joint venture	16,723	13,852	-	-
Due from associate	5,669	5,396	-	-
Deposits	407	405	169	169
Net GST receivables	398	612	27	39
Prepayments	109	60	28	33
Sundry debtors	19	48	-	-
Prepaid interest	-	222	-	-
Due from a subsidiary	-	-	2,973	-
	23,325	20,595	3,197	241

Note 7 Restricted cash

Restricted cash relates to the Debt Service Reserve Account ("**DSRA**") under escrow in relation to the $70 million loan facility from a group of third parties (the "**Loan Facility**"). The DSRA is dedicated for cash interest servicing of the Loan Facility, deducted on a quarterly in arrear basis.

Note 8 Other Payables

	The Group		The Company	
	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19
	$'000	$'000	$'000	$'000
Non-current				
Penalties payable	-	1,489	-	-
Others	-	68	-	-
	-	1,557	-	-
Current				
Due to a related party	11,521	11,521	3,651	3,651
Accruals	5,377	5,785	201	359
Deposits received	3,329	1,009	-	-
Penalties payable	3,079	1,571	-	-
Withholding tax payable	1,381	1,281	-	-
Resident Committee account	1,128	760	-	-
Sundry creditors	866	230	133	185
Others	544	1,605	-	-
Payables due to liquidators of subsidiaries under liquidation	410	410	410	410
Due to subsidaries	-	-	12,492	8,428
	27,635	24,172	16,887	13,033

As at 31 December 2019, amount due to a related party pertains to advances from a company controlled by a substantial shareholder of the Company. These advances are subordinated to the Loan Facility and are interest-free with effect from 1 July 2018 and repayable on demand.

Deposits received comprise mainly purchase deposits received from PCR unit buyers and rental deposits from tenants of PCR retail units. During 6MFY2020, $2.17 million (equivalent to approximately RM6.60 million) deposits were received for 8 Sale and Purchase Agreements (the "**SPAs**") (total net SPA value RM10.03 million) signed with buyers of the Group's PCR project but have not been recognised as revenue. These deposits will be recognised as revenue when all the relevant revenue recognition criteria, as stipulated by the relevant accounting standard, are met.

Penalties payable pertains to the $3.08 million of penalties imposed by Malaysian Tax Authority for late payment and under-estimated chargeable income of corporate income tax in prior years. The $19,000 increase in total penalties payable as at 31 December 2019 as compared to that as at 30 June 2019 was attributable to strengthening of the Malaysian Ringgit against Singapore Dollar.

Withholding tax payable relates to the accrual of withholding tax pertaining to intercompany shareholders' loan interest.

Resident Committee account refers to the amount due from PDD including sums collected on behalf of the Resident Committee of PCR, contribution of maintenance fund, sinking fund and utility charges for unsold units at PCR.

Payables due to liquidators of subsidiaries under liquidation (companies of the Group's former Aluminum Division) pertains to net advances previously received by the Company, which will be paid to the liquidator of these subsidiaries prior to the completion of the liquidation. The Company had announced on 22 May 2019 its intention to discontinue its Aluminium business via creditors voluntary liquidation.

Note 9 Joint venture

Joint venture pertains to the Group's 51% equity interest in Minaret Holdings Limited ("**MHL**") held by a wholly-owned subsidiary of the Company. As MHL is subjected to joint control with the other 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 amount comprises the Group's share of MHL's net liabilities.

Note 10 Associate

Associate pertains 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.

The amount comprises the Group's share of PSDT Group's net liabilities.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	The Group			
	31-Dec-19		30-Jun-19	
	$'000 Secured	$'000 Unsecured	$'000 Secured	$'000 Unsecured
Repayable in one year or less, or on demand	87,870	-	4,093	-
Repayable, after one year	36,427	-	113,669	-

Details of any collateral

As at 31 December 2019, the current borrowings comprises (i) $76.02 million under the Loan Facility, (ii) bank loan of $9.92 million and bank overdraft of $1.93 million (collectively referred to as "**Facility A**").

As at 31 December 2019, the non-current borrowings refer to $36.43 million loan under Facility A.

The Loan Facility, due on 28 December 2020, is secured by the following:

(i) assignment of intra-company loans owed to the Group for the purposes of PCR and The Posh Twelve ("**P12**"), a development project in Bangkok, Thailand, held through joint venture and associate;

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

(iii) debentures over the Company, and its wholly-owned subsidiary, PSD Singapore Pte. Ltd. ("**PSDS**"), and 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 (MHL) and the Group's associate (PSDT).

Facility A, principal monthly repayment commencing May 2020, 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.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Cash Flow Statement		The Group			
	Note	2QFY2020 $'000	2QFY2019 $'000 (Restated)	6MFY2020 $'000	6MFY2019 $'000 (Restated)
	1				
Cash flows from operating activities					
Loss before income tax		**(6,631)**	**(3,321)**	**(12,848)**	**(4,402)**
Adjustments for:					-
Finance costs		4,696	1,116	9,470	2,385
Share of results of joint venture		312	1,063	357	1,087
Share of results of associate		85	(835)	168	(781)
Depreciation of right-of-use assets		64	-	127	-
Depreciation of property, plant and equipment		9	31	18	80
Interest income		(285)	(39)	(459)	(55)
Reversal in provision of bonus		-	-	-	(1,649)
Provision for doubtful debts		-	293	-	293
Operating cash flow before working capital changes		**(1,750)**	**(1,692)**	**(3,167)**	**(3,042)**
Movement in working capital:					
Changes in trade, other receivables and other current assets		1,092	5,987	(175)	15,036
Changes in trade, other payables and provision for warranty		6,177	(8,774)	6,949	(3,321)
Changes in development properties		(4,143)	1,538	(4,419)	(4,258)
Changes in inventories and construction contracts		-	335	-	(94)
Changes in advance billings		-	(8,778)	-	(12,468)
Effects of currency translation on working capital		151	223	(320)	450
Cash flows used in operations		1,527	(11,161)	(1,132)	(7,697)
Interest income received		1	39	3	55
Finance costs paid		(1,355)	(1,031)	(1,800)	(2,217)
Income tax paid		(66)	(1,840)	(297)	(1,854)
Net cash generated from/(used in) operating activities		**107**	**(13,993)**	**(3,226)**	**(11,713)**
Cash flows from investing activities					
Additions to property, plant and equipment		-	(22)	(6)	(22)
Net cash used in investing activities		**-**	**(22)**	**(6)**	**(22)**
Cash flows from financing activities					
Repayment of lease liabilities		(70)	(14)	(150)	(29)
Proceeds from loans from a group of third parties		-	50,690	4,579	50,690
Movement in fixed deposits pledged with banks		-	-	-	97
Acquisition of subsidiaries, net of cash		-	(11,000)	-	(11,000)
Repayment of non-controlling interest loan		-	(15,205)	-	(15,205)
Net repayments of bank loan		-	(2,960)	-	(4,713)
Net cash (used in)/generated from financing activities		**(70)**	**21,511**	**4,429**	**19,840**
Net increase in cash and cash equivalents		37	7,496	1,197	8,105
Effect of currency translation on cash and cash equivalents		14	(17)	(5)	(103)
Cash and cash equivalents at the beginning of the financial period		695	693	(446)	170
Cash and cash equivalents at the end of the financial period		746	8,172	746	8,172
Cash and cash equivalents comprises:					
Cash and bank balances		2,677	8,985	2,677	8,985
Less: Bank overdraft		(1,931)	(813)	(1,931)	(813)
Cash and cash equivalents		**746**	**8,172**	**746**	**8,172**

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

For the financial quarter ended 31 December 2019
Statement of Changes in Equity

		Attributable to equity holders of the Company						
The Group	**Note**	**Share capital $'000**	**(Accumulated losses)/ Retained earnings $'000**	**Other reserves $'000**	**Foreign currency translation reserve $'000**	**Total $'000**	**Non-controlling interest $'000**	**Total equity $'000**
				12				
Balance as at 1 July 2019		**47,801**	**(39,479)**	**-**	**1,012**	**9,334**	**-**	**9,334**
Net loss for the financial period		-	(6,217)	-	-	(6,217)	-	(6,217)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from:								
- joint venture		-	-	-	(17)	(17)	-	(17)
- associate		-	-	-	(16)	(16)	-	(16)
- consolidation		-	-	-	325	325	-	325
Total comprehensive loss for the financial period		-	(6,217)	-	292	(5,925)	-	(5,925)
Balance as at 30 September 2019		**47,801**	**(45,696)**	**-**	**1,304**	**3,409**	**-**	**3,409**
Net loss for the financial period			(6,631)	-	-	(6,631)	-	(6,631)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from:								
- joint venture		-	-	-	83	83	-	83
- associate		-	-	-	(3)	(3)	-	(3)
- consolidation		-	-	-	(122)	(122)	-	(122)
Total comprehensive loss for the financial period		-	(6,631)	-	(42)	(6,673)	-	(6,673)
Balance as at 31 December 2019		**47,801**	**(52,327)**	**-**	**1,262**	**(3,264)**	**-**	**(3,264)**
Balance as at 1 July 2018		**47,801**	**5,789**	**(30,971)**	**92**	**22,711**	**29,405**	**52,116**
Effect of adoption of IFRSIC Conclusion	1	-	(3,433)	-	-	(3,433)	(3,846)	(7,279)
Balance as at 1 July 2018, restated	1	**47,801**	**2,356**	**(30,971)**	**92**	**19,278**	**25,559**	**44,837**
Net loss for the financial period		-	(435)	-	-	(435)	(697)	(1,132)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from:								
- consolidation		-	-	-	(925)	(925)	(139)	(1,064)
Total comprehensive loss for the financial period		-	(435)	-	(925)	(1,360)	(836)	(2,196)
Balance as at 30 September 2018		**47,801**	**1,921**	**(30,971)**	**(833)**	**17,918**	**24,723**	**42,641**
Net loss for the financial period		-	(3,811)	-	-	(3,811)	494	(3,317)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from:								
- consolidation		-	-	-	(56)	(56)	(65)	(121)
Total comprehensive loss for the financial period		-	(3,811)	-	(56)	(3,867)	429	(3,438)
Acquisition on investment in a subsidiary from non-controlling interest		-	-	14,152	-	14,152	(25,152)	(11,000)
Total transactions with owners of the Company		-	-	14,152	-	14,152	(25,152)	(11,000)
Balance as at 31 December 2018		**47,801**	**(1,890)**	**(16,819)**	**(889)**	**28,203**	**-**	**28,203**

Statement of Changes in Equity
For the financial quarter ended 31 December 2019

The Company	**Note**	**Share capital $'000**	**Treasury shares $'000**	**Accumulated losses $'000**	**Share options reserve $'000**	**Other reserves $'000**	**Total $'000**
					11	12	
Balance as at 1 July 2019		**197,055**	**(513)**	**(160,028)**	**-**	**-**	**36,514**
Net loss for the financial period, representing total loss		-	-	(271)	-	-	(271)
Balance as at 30 September 2019		**197,055**	**(513)**	**(160,299)**	**-**	**-**	**36,243**
Net loss for the financial period, representing total loss		-	-	(463)	-	-	(463)
Balance as at 31 December 2019		**197,055**	**(513)**	**(160,762)**	**-**	**-**	**35,780**
Balance as at 1 July 2018		**197,055**	**(513)**	**(35,546)**	**42**	**(1,470)**	**159,568**
Net loss for the financial period, representing total loss		-	-	(644)	-	-	(644)
Balance as at 30 September 2018		**197,055**	**(513)**	**(36,190)**	**42**	**(1,470)**	**158,924**
Net loss for the financial period, representing total loss		-	-	(242)	-	-	(242)
Balance as at 31 December 2018		**197,055**	**(513)**	**(36,432)**	**42**	**(1,470)**	**158,682**

Note 11 As at 31 December 2018, the Company had 72,000 share options outstanding, valued at $42,000, which has since lapsed on 2 March 2019 and accordingly the share options reserve of $42,000 was transferred to accumulated losses during FY2019.

Note 12 As at 30 June 2019, other reserves had been transferred to opening accumulated losses during FY2019.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at 31 Dec 2019		As at 30 Sep 2019	
	Number of ordinary shares	$'000	Number of ordinary shares	$'000
Issued and fully paid ordinary shares	502,336,278	197,055	502,336,278	197,055

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

As at 31 December 2019, the Company had no outstanding instruments convertible into shares of the Company. As at 31 December 2018, the Company had 72,000 share options outstanding, convertible into 72,000 ordinary shares of the Company, which had lapsed on 2 March 2019.

As at 31 December 2019 and 31 December 2018, there are no subsidiary holdings in the Company.

Please refer to 1(d)(iii) for details regarding treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31-Dec-19	30-Jun-19	31-Dec-18
Total number of issued shares	502,336,278	502,336,278	502,336,278
Less: Total number of treasury shares	(2,675,400)	(2,675,400)	(2,675,400)
Total number of issued shares excluding treasury shares	499,660,878	499,660,878	499,660,878
% of treasury shares over total number of issued shares	0.5%	0.5%	0.5%

1(d)(iv) A statement showing all sales transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

As at 31 December 2019, the Company held 2,675,400 (30 June 2019: 2,675,400) treasury shares. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

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

The figures have not been audited or reviewed by our auditors.

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

Not applicable.

3A. **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.

In the Company's annual report for FY2019, Ernst & Young LLP, the Group's auditors, have issued a disclaimer opinion in relation to the use of the going concern assumption in the audited financial statements for FY2019 (the "**Audit Issue**"). In respect of which, please refer to Section 8, page 16 of this announcement for more details on the Board's opinion and basis on the going concern assumption and the efforts taken to resolve the Audit Issue.

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

The Board confirms that the impact of the Audit Issue has been adequately disclosed.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements for FY2019, except as stated in Section 5 of this announcement below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new accounting standards, amendment and interpretation to existing standards which is mandatory for accounting periods beginning on or after 1 January 2019. 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. In particular, the Group adopted the following accounting standard pertaining to leases:

Singapore Financial Reporting Standard (International) 16 – Leases ("SFRS(I) 16")

The Group has applied SFRS(I) 16 from the adoption date of 1 July 2019. SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard, however, allows for recognition exemption for leases of 'low value' and short term leases. The Group applied the simplified transition approach for its financial year beginning 1 July 2019 and has not restated comparative amounts for the year prior to first adoption.

On adoption of SFRS(I) 16, the Group chooses to measure the right-of-use asset at an amount equal to the lease liabilities, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019. The Group recognised $665,000 of right-of-use assets, $256,000 of lease liabilities (current) and $409,000 of lease liabilities (non-current) in the balance sheet as at 1 July 2019.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		The Group			
	Note	**2QFY2020**	**2QFY2019**	**6MFY2020**	**6MFY2019**
	1		**(Restated)**		**(Restated)**
Loss for the financial period ($)		(6,631,000)	(3,811,000)	(12,848,000)	(4,246,000)
Weighted average number of ordinary shares		499,660,878	499,660,878	499,660,878	499,660,878
Basic and diluted Earning Per Share ("EPS") (Singapore cents)		**(1.33)**	**(0.76)**	**(2.57)**	**(0.85)**

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

For 2QFY2020 and 6MFY2020, the basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue.

For 2QFY2019 and 6MFY2019, the basic and diluted EPS are the same as the exercise price of the 72,000 outstanding share options was above the quoted market price of the Company's share as at 31 December 2018. Hence, these share options were anti-dilutive. These share options have lapsed since 2 March 2019.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	31-Dec-19	**30-Jun-19**	**31-Dec-19**	**30-Jun-19**
Net (liabilities)/assets ($)	(3,264,000)	9,334,000	35,780,000	36,514,000
Number of issued shares	499,660,878	499,660,878	499,660,878	499,660,878
Net (liability)/asset per share (Singapore cents)	**(0.65)**	**1.87**	**7.16**	**7.31**

8. 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

2QFY2020 vs 2QFY2019

Revenue and cost of sales

The Group's revenue decreased by $0.48 million from $2.61 million in 2QFY2019 to $2.12 million in 2QFY2020. Whilst 5 SPAs were signed and recognised as revenue in both 2QFY2020 and 2QFY2019, the decrease in net revenue recognised in 2QFY2020 is mainly due to lower net selling price.

Further, the Group's revenue in 2QFY2019 included $0.30 million of revenue from the Aluminium division (currently under liquidation), whereas for 2QFY2020, the Aluminium division did not contribute to the Group's revenue.

Cost of sales had increased by $0.39 million from $1.46 million in 2QFY2019 to $1.85 million in 2QFY2020 as the Group incurred higher selling costs for PCR units.

Therefore, lower revenue and higher cost of sales resulted in reduction of gross profit in 2QFY2020 by $0.87 million.

Accordingly, gross profit margin had also declined to approximately 13.0% in 2QFY2020 as compared to approximately 44.0% in 2QFY2019 largely attributable to downward price pressure on PCR units and higher selling costs.

During 2QFY2020, $1.64 million (equivalent to approximately RM5.00 million) deposits were received for 5 SPAs (total net SPAs value RM6.28 million) from buyers of the Group's PCR project. However, since these SPAs have yet to meet all the relevant revenue recognition criteria, as stipulated by the relevant accounting standard, they were not recognised as revenue.

Other operating income

Other operating income increased by $0.43 million from $0.40 million in 2QFY2019 to $0.83 million in 2QFY2020. The increase was largely attributable to a $0.66 million increase in forfeiture income from deposits collected from terminated SPAs at PCR during 2QFY2020 in relation to previously reversed sales in FY2019 as discussed in Note 2, and offset by a $0.20 million absence of other income in relation to the Group's Aluminium division (currently under liquidation) in 2QFY2020.

Marketing and distribution expenses

Marketing and distribution expenses decreased by $0.36 million from $0.41 million in 2QFY2019 to $0.05 million in 2QFY2020 due to prudence in spending.

Administrative expenses

Administrative expenses decreased by $0.82 million from $3.11 million in 2QFY2019 to $2.29 million in 2QFY2020. The decrease was largely due to (i) the absence of approximately $0.54 million expenses relating to the Aluminium division (currently under liquidation) and (ii) $0.28 million net cost reduction in overheads.

Other expenses

The $0.30 million increase in other expenses was largely due to expenses incurred in relation to adjudication decisions in respect of contractor's claims as explained in Note 3 above.

Finance costs

Finance costs increased by $3.58 million from $1.12 million in 2QFY2019 to $4.70 million in 2QFY2020 due largely to $3.93 million of financing costs incurred in relation to the Loan Facility. In 2QFY2019, no such financing costs was incurred in relation to the Loan Facility.

Net loss for the financial period

The Group recorded a net loss after tax of $6.63 million in 2QFY2020 compared with a net loss after tax of $3.32 million in 2QFY2019. This is largely attributable to lower revenue and gross profit and increased finance costs as explained in the preceding paragraphs.

<u>6MFY2020 vs 6MFY2019</u>

Revenue and cost of sales

The Group's revenue $2.12 million for 6MFY2020 was $2.66 million lower as compared to $4.78 million in 6MFY2019 and cost of sales $1.85 million in 6MFY2020 was $0.83 million lower as compared to $2.67 million in 6MFY2019.

The revenue, cost of sales and gross profit in 2QFY2020 represents the entire revenue recorded in 6MFY2020 as no revenue and cost of sales were recorded in 1QFY2020.

During 6MFY2020, $2.12 million (equivalent to approximately RM6.45 million) deposits were received for 8 SPAs (total net SPAs value RM10.03 million) from buyers of the Group's PCR project. However, since these SPAs have yet to meet all the relevant revenue recognition criteria, as stipulated by the relevant accounting standard, they were not recognised as revenue.

Other operating income

Other operating income increased by $0.93 million from $0.54 million in 6MFY2019 to $1.47 million in 6MFY2020. The increase was largely attributable to the (i) $0.66 million increase in forfeiture income from deposits collected from terminated SPAs at PCR during 6MFY2020 in relation to previously reversed sales in FY2019 as discussed in Note 2 and (ii) $0.30 million net increase in foreign exchange gain.

Marketing and distribution expenses

Marketing and distribution expenses decreased by $0.56 million from $0.79 million in 6MFY2019 to $0.23 million in 6MFY2020 due to prudence in spending.

Administrative expenses

In 6MFY2020, administrative expenses increased by $0.26 million from $3.56 million in 6MFY2019 to $3.82 million in 6MFY2020.

In 6MFY2019, administrative expenses included $1.65 million of reversal of provision of bonus, excluding which, the administrative expenses for 6MFY2020 would have amounted to $5.21 million. Hence, administrative expenses for 6MFY2020 is reduced by $1.39 million when compared to 6MFY2019 (after adjusting for the reversal of provision of bonus). This decrease was largely attributable to (i) the absence of approximately $0.82 million expenses relating to the Aluminium division (currently under liquidation) and (ii) overall net cost reduction of $0.57 million.

Other expenses

As explained in Note 3 above, the $0.55 million increase in other expenses was largely due (ii) $0.30 million of expenses relating to adjudicated claims and (ii) the write-off of GST receivable amounting to $0.20 million.

Finance costs

Finance costs increased by $7.08 million from $2.39 million in 6MFY2019 to $9.47 million in 6MFY2020 due largely to $7.92 million of financing costs incurred in relation to the Loan Facility, offset by a $0.62 million decrease in finance costs incurred for Facility A at lower interest rate after it was restructured in April 2019. In 6MFY2019, no financing costs was incurred in relation to the Loan Facility.

Net loss for the financial period

The Group recorded a net loss after tax of $12.85 million in 6MFY2020 compared with a net loss after tax of $4.45 million in 6MFY2019. This is largely attributable to lower revenue and gross profit, increased finance costs and other expenses as explained in the preceding paragraphs.

Review of Balance Sheets

Company

Net assets

Company's net assets decreased by $0.73 million from $36.51 million as at 30 June 2019 to $35.78 million as at 31 December 2019 due to operational overhead expenses incurred during 6MFY2020.

Group

Total assets

Total assets of the Group increased by $4.66 million from $175.07 million as at 30 June 2019 to $179.74 million as at 31 December 2019. The increase was mainly due to (i) $5.34 million net increase in development properties as construction progresses for PCR Tower 3, (ii) $3.14 million increase in amount due from associate and joint venture and (iii) $0.54 million increase in right-of-use assets pursuant to the adoption of SFRS(I) 16 with effect from 1 July 2019 as mentioned in Section 5 above. These increases were partially offset by $2.54 million decrease in restricted cash utilised for interest payment and $2.10 million reduction in trade receivables due to routine collections.

Total liabilities

Total liabilities of the Group increased by $17.26 million from $165.74 million as at 30 June 2019 to $183.00 million as at 31 December 2019. This increase is due largely to (i) $8.03 million increase in trade payables as construction progresses for PCR Tower 3, (ii) $6.54 million increase in loans and borrowings mainly from accrued finance costs, (iii) $2.17 million increase in deposits received for 8 SPAs signed during 6MFY2020, and (iv) $0.55 million increase in lease liabilities pursuant to the adoption of SFRS(I) 16 with effect from 1 July 2019 as mentioned in Section 5 above.

Going concern and working capital position

As at 31 December 2019, the Group's a net liability position amounted to $3.26 million and the Company's net current liability position amounted to $13.42 million. The Board is of the opinion that barring any unforeseen circumstances, the Group and the Company will be able to meet its short-term obligations as and when they fall due and continue as a going concern on the following bases. Following the going-concern assumptions provided in FY2019 Annual Report, the Group has recorded paragraphs (i) and (ii), further updates and efforts undertaken by the Group in paragraphs (iii), (iv), (v), (vi) and (vii) below:

(i) The Group is exploring with various parties in relation to the enbloc sale for Tower 3 in PCR and has received a letter of offer from one of these parties. The Group is reviewing the offer while concurrently pursuing the divestment opportunities with other parties;

(ii) The Group has been in discussion to sell the unsold units in Tower 1 and Tower 2 of PCR (the "**Remaining Units**") to a buyer whilst concurrently holding preliminary discussions with other parties with a view of selling all the Remaining Units. In addition, the Group is also in discussions with several potential bulk buyers who are considering purchasing 10 to 20 units in PCR;

(iii) The Group is currently working to secure a re-financing package for P12, subject to amongst others, the consent of the lenders of the Loan Facility and if such re-financing package materialises, the Group may, subject to meeting certain requirements, be able to recoup up to US$7.60 million (approximately $10.40 million) (based on current approximate projections) in capital and loans repatriation from the abovementioned re-financing;

(iv) Notwithstanding the current challenging market conditions in Iskandar Puteri, the Group continues to market and promote sales of PCR. From 1 July 2019 to 10 February 2020, the Group has signed 14 SPAs for PCR units for a total net contract value of RM18.20 million (approximately $5.98 million), of which RM15.86 million (approximately $5.22 million) has been collected. In addition, the Group had collected another RM5.97 million ($1.97 million) from its trade receivables. The Group will continue to work on cash collection as well as new SPAs for PCR;

(v) While the $11.52 million loans granted by PSD Holdings Pte. Ltd. ("**PSDH**") to the Group is subordinated to the Loan Facility, pursuant to the supplemental agreement dated 8 December 2018, PSDH has undertaken to provide up to $2.22 million of loans to the Group to support its short-term cash shortfall, if required;

(vi) The lenders of the Loan Facility has re-allocated and disbursed to the Group for its working capital, a sum of $3.5 million previously earmarked for partial repayment of the $11.52 million loan owed by the Group to PSDH; and

(vii) The Company's current liabilities of $16.89 million as at 31 December 2019, comprises (i) $3.65 million due to PSDH which is subordinated to the Loan Facility and (ii) $12.49 million are due to subsidiaries. There is no indication that these payables will be recalled at the date of this announcement.

Review of Cash Flow Statement

2QFY2020

In 2QFY2020, net cash generated from operating activities amounted to $0.11 million which was mainly due to $3.28 million cash inflow from changes in working capital from the Group's operations, offset by (i) $1.75 million of cash flow used in operations from the losses before tax incurred by the Group, (ii) finance costs paid of $1.36 million and (iii) income tax paid of $0.07 million.

6MFY2020

In 6MFY2020, net cash used in operating activities amounted to $3.23 million of which (i) $3.17 million of cash flow used in operations was largely attributable to the losses before tax incurred by the Group, (ii) payment of finance costs amounting to $1.80 million, (iii) payment of income tax amounting to $0.30 million, offset by (iv) changes in working capital with $2.04 million of cash inflow largely from routine trade receivables collection.

In 6MFY2020, the Group's net cash generated from financing activities amounted to $4.43 million which was largely due to the $4.58 million drawdown from the Loan Facility offset by $0.15 million repayment of lease liabilities.

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

A profit guidance was announced on 23 January 2020 and the results for 2QFY2020 are consistent with the guidance issued.

10. 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.

The glut of unsold completed condominiums in Iskandar Puteri, Malaysia continues to weigh down on buyers' inclination to purchase. Potential buyers are putting off making purchase decision due to inability to secure bank loans and the uncertain economic outlook. Only the landed middle-income housing sector in Iskandar Puteri is seeing some buying demand. Likewise in Bangkok, Thailand, the current big oversupply of unsold completed high rise condominiums has caused local buyers to defer purchase commitments. General residential market sentiments has worsened due to weak economic growth and banks reducing new mortgage loans to the high rise condominium sector in Bangkok. To offset weak buying sentiments amongst local buyers, the Group is actively pushing sales to foreign buyers in overseas cities in Korea, China and Hong Kong via a network of agents.

Furthermore, the recent fears over the rapid spread of the COVID-19 in Asia have dampened buying sentiments amongst locals and foreigners with many potential buyers opting to adopt a "wait and see" attitude. The immediate market outlook is clouded with uncertainty as persistent worries over the real economy impact of the outbreak of COVID-19 have caused potential buyers to be sidelined from making purchase commitment in the residential market.

As announced on 3 February 2020, Kanokkorn Pattana Co., Ltd. ("**KNK**"), a Thai entity held via the Group's associate and joint venture company had received a written notice of stoppage of work dated 31 January 2020 from China Railway Construction (Southeast Asia) Co., Ltd ("**CRCC**"). CRCC is the main contractor of the P12 construction work. The stoppage of work has arisen due to disputes between CRCC and KNK in respect of payments and construction progress. Nonetheless, the Group is looking to work with CRCC to seek constructive solutions to the disputed matters. Construction work may resume upon mutually satisfactory solutions being arrived at between KNK and CRCC.

The outcome of the matters discussed under "Going concern and working capital position" on page 16 of this announcement will have a material impact on the Group.

11. Dividend

(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.

12. 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 the financial period ended 31 December 2019.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate was obtained by the Company. There were no reportable IPT transactions.

14. Confirmation pursuant to Rule 720(1) of the Catalist Rules.

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

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

We, Ying Wei Hsein and Glen Chan, being two directors of 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 31 December 2019 to be false or misleading in any material aspect.

On behalf of the Board
PACIFIC STAR DEVELOPMENT LIMITED

Ying Wei Hsein
Executive Chairman
14 February 2020

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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