

Pacific Star Development Limited

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Business Reg. No: 198203779D

Second Quarter (“2Q2017”) and First Half (“1H2017”) Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 June 2017

Background

Pacific Star Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), formerly known as LH Group Limited, was formed through a reverse takeover (“**RTO**”) of the entire issued share capital of PSD Singapore Pte. Ltd. (formerly known as Pacific Star Development Pte. Ltd.) (the “**Target**” and together with its subsidiaries, the “**Target Group**”). The RTO was completed on 15 February 2017 and the Company changed its name to Pacific Star Development Limited. Please refer to the Company’s Circular dated 30 December 2016 for further details of the RTO.

The Target Group is a Singapore-based property developer which is engaged in the business of property development. It is engaged in luxury mixed-use property developments in ASEAN countries, currently in Malaysia and Thailand.

Group Level

Following the completion of the RTO (“**Completion**”), the legal subsidiary, the Target, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of the Target Group.

Accordingly, the consolidated financial statements comprising the profit and loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the second quarter period ended 30 June 2017 have been presented as a continuation of the Target Group’s financial results and operations, in accordance with the following:

- 1) The assets and liabilities of the accounting acquirer, the Target Group, are recognised and measured in the consolidated statement financial position at their pre-acquisition carrying amount;
- 2) The assets and liabilities of the accounting acquiree, the Company, are recognised and measured in the consolidated balance sheet at their acquisition-date fair values;
- 3) The retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Target Group immediately before the RTO;
- 4) The amount recognised as issued equity interest in the consolidated financial statements of the Group is computed by adding to the issued equity of the Target Group immediately before the RTO. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination;
- 5) The comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Company; and
- 6) The consolidated statement of comprehensive income reflects the full 3 months results of the Target Group together with the post-acquisition results of the Company.

Following the Completion, the principal business of the Group is that of the Target Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), 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.

	The Group					
	2Q2017	2Q2016	Changes	1H2017	1H2016	Changes
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	18,082	4,325	318.1	32,967	8,007	311.7
Cost of sales	(9,645)	(3,897)	147.5	(17,361)	(7,242)	139.7
Gross profit	<u>8,437</u>	<u>428</u>	1,871.3	<u>15,606</u>	<u>765</u>	1,940.0
Other operating income ¹	1,123	105	969.5	2,533	240	955.4
Expenses:						
Marketing and Distribution	(1,447)	(45)	3,115.6	(1,666)	(131)	1,171.8
Operating and Administrative	(1,196)	(551)	117.1	(2,614)	(1,117)	134.0
Other operating ²	(2,982)	(636)	368.9	(3,295)	(1,034)	218.7
Finance	(396)	(4)	9,800.0	(719)	(9)	7,888.9
	<u>(6,021)</u>	<u>(1,236)</u>	387.1	<u>(8,294)</u>	<u>(2,291)</u>	262.0
Share of loss of equity-accounted investee	<u>(290)</u>	-	N.m.	<u>(719)</u>	-	N.m.
Profit/(Loss) before income tax ³	3,249	(703)	N.m.	9,126	(1,286)	N.m.
Income tax expense	<u>(1,447)</u>	-	N.m.	<u>(2,940)</u>	-	N.m.
Net profit/(loss) for the financial period	<u>1,802</u>	<u>(703)</u>	N.m.	<u>6,186</u>	<u>(1,286)</u>	N.m.
Other comprehensive income/(loss), net of tax:						
Items that may be reclassified subsequently to profit or loss						
-Currency translation differences arising from consolidation	200	15	1,233.3	(193)	161	N.m.
Total comprehensive profit/(loss) for the financial period	<u>2,002</u>	<u>(688)</u>	N.m.	<u>5,993</u>	<u>(1,125)</u>	N.m.
Net (loss)/profit attributable to:						
Equity holders of the Company	(446)	(584)	(23.6)	1,806	(1,046)	N.m.
Non-Controlling interest	<u>2,248</u>	<u>(119)</u>	N.m.	<u>4,380</u>	<u>(240)</u>	N.m.
	<u>1,802</u>	<u>(703)</u>	N.m.	<u>6,186</u>	<u>(1,286)</u>	N.m.
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(335)	(576)	(41.8)	1,790	(964)	N.m.
Non-Controlling interest	<u>2,337</u>	<u>(112)</u>	N.m.	<u>4,203</u>	<u>(161)</u>	N.m.
	<u>2,002</u>	<u>(688)</u>	N.m.	<u>5,993</u>	<u>(1,125)</u>	N.m.

N.m.: Not meaningful

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

	2Q2017 S\$'000	2Q2016 S\$'000	1H2017 S\$'000	1H2016 S\$'000
<u>Note 1</u>				
Other operating income comprised:				
Gain on acquisition of subsidiaries (negative goodwill)	-	-	1,224	-
Gain on disposal of property, plant and equipment	-	11	-	18
Government grant	10	7	21	32
Interest income	-	23	-	45
Reversal of provision of warranty	1,068	-	1,068	-
Other income	-	18	145	53
Rental income from external party	45	46	75	92
	<u>1,123</u>	<u>105</u>	<u>2,533</u>	<u>240</u>
<u>Note 2</u>				
Other operating expenses comprised:				
Foreign exchange (gain)/loss	(150)	26	(146)	295
Listing and compliance expenses	43	31	78	61
Professional fee	57	37	114	65
Legal and professional fee in relation to the RTO	165	-	234	-
Auditors' remuneration	31	16	76	36
Directors' fee	38	50	66	101
Fair value gain on financial assets, at fair value through profit or loss	-	1	-	1
Loss on disposal of property, plant and equipment	-	-	14	-
Loss on disposal of the vehicle sub-division	2,777	-	2,777	-
Other expenses	21	-	82	-
Restructuring costs	-	475	-	475
	<u>2,982</u>	<u>636</u>	<u>3,295</u>	<u>1,034</u>
<u>Note 3</u>				
Profit/(Loss) before income tax has been arrived at after charging / (crediting):				
Allowances for slow-moving inventories	-	14	-	14
Amortisation of intellectual properties	-	13	-	26
Depreciation of property, plant and equipment	91	81	194	187
Fair value gain on financial assets, at fair value through profit or loss	-	1	-	1
Foreign exchange (gain)/loss (net)	(150)	26	(146)	295
(Gain)/Loss on disposal of property, plant and equipment	-	(11)	14	(18)
Interest expenses	438	-	857	-
Interest income	(42)	(23)	(138)	(45)
Reversal of write down of inventories	-	(4)	(78)	(2)

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

	The Group		The Company	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	10,652	12,783	2,670	10,474
Financial assets, at fair value through profit or loss	5	5	-	-
Trade receivables	10,060	6,921	1,971	725
Other receivables and other current assets	12,731	3,953	244	3,537
Inventories	328	725	-	-
Short term-deposits	501	-	501	-
Due from customers on construction contracts	199	32	-	-
Deferred income	15,190	-	-	-
Development property	120,561	-	-	-
	<u>170,227</u>	<u>24,419</u>	<u>5,386</u>	<u>14,736</u>
Non-current assets				
Investment in subsidiaries	-	-	170,088	-
Deferred costs	2,343	-	-	-
Property, plant and equipment	295	333	7	3
	<u>2,638</u>	<u>333</u>	<u>170,095</u>	<u>3</u>
Total assets	<u>172,865</u>	<u>24,752</u>	<u>175,481</u>	<u>14,739</u>
LIABILITIES				
Current liabilities				
Trade payables	36,736	3,615	-	-
Other payables	11,474	3,321	14,778	2,283
Borrowings	9,091	571	-	-
Current tax liabilities	8,586	46	-	-
Due to customers on construction contracts	1,430	1,606	-	-
Joint Venture	2,513	-	-	-
Associates	765	-	-	-
Provision for warranty	1,061	2,187	-	-
	<u>71,656</u>	<u>11,346</u>	<u>14,778</u>	<u>2,283</u>
Non-current liabilities				
Loans and borrowings	41,866	-	-	-
Loans from non-controlling interests	13,787	-	-	-
Deferred tax liabilities	1,933	-	-	-
	<u>57,586</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>129,242</u>	<u>11,346</u>	<u>14,778</u>	<u>2,283</u>
NET ASSETS	<u>43,623</u>	<u>13,406</u>	<u>160,703</u>	<u>12,456</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	41,609	48,196	195,642	48,196
Treasury shares	-	(513)	(513)	(513)
Reserves	(13,164)	(30,919)	(34,426)	(35,227)
	<u>28,445</u>	<u>16,764</u>	<u>160,703</u>	<u>12,456</u>
Non-controlling interest	15,178	(3,358)	-	-
Total equity	<u>43,623</u>	<u>13,406</u>	<u>160,703</u>	<u>12,456</u>

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

Amount repayable in one year or less, or on demand

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$9,091,000	-	S\$571,000	-

Amount repayable after one year

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
\$41,866,000	\$13,787,000	-	-

Details of any collateral

The borrowings are secured as follows:

- fixed deposits and short-term deposits of S\$778,000 (31/12/2016: S\$5,087,000);
- legal mortgage on the Group's development property;
- assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of the Group's development property; and
- corporate guarantees from a subsidiary and a non-controlling interest.

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

	The Group			
	2Q2017	2Q2016	1H2017	1H2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flow from Operating Activities				
Profit/(Loss) before income tax	3,249	(703)	9,126	(1,286)
Adjustments for:				
Amortisation of intellectual properties	-	13	-	26
Depreciation of property, plant and equipment	91	81	194	187
(Gain)/Loss on disposal of property, plant and Equipment	-	(11)	14	(18)
Loss on disposal of the vehicle sub-division	2,777	-	2,777	-
Interest expense	438	4	857	9
Interest income	(42)	(23)	(138)	(45)
Share of losses of equity-accounted investees	290	-	719	-
Gain on acquisition of subsidiaries (negative goodwill)	-	-	(1,224)	-
Unrealised foreign exchange (gain)/loss	(153)	18	(146)	192
Operating cash flow before working capital changes	6,650	(621)	12,179	(935)
Movement in working capital				
Changes in development property	(10,807)	-	(15,724)	-
Changes in inventories and construction contracts	(147)	1,979	(122)	1,302
Changes in deferred costs	499	-	915	-
Changes in deferred income	(12,672)	-	(17,039)	-
Changes in trade, other receivables and other current assets	1,631	(1,923)	4,211	436
Changes in financial assets, at fair value through profit or loss	-	1	-	1
Changes in trade, other payables and provision for warranty	1,596	96	5,313	199
Cash (used in)/generated from operations	(13,250)	(468)	(10,267)	1,003
Interest received	42	23	138	45
Interest paid	(309)	(4)	(837)	(9)
Net cash (used in)/generated from operating activities	(13,517)	(449)	(10,966)	1,039
Cash Flows from Investing Activities				
Acquisition of subsidiaries	-	-	(16,000)	-
Additions to property, plant and equipment	(78)	(44)	(78)	(44)
Proceeds from disposal of vehicle sub-division	350	-	350	-
Proceeds from disposal of plant and equipment	-	213	269	220
Net cash (used in)/generated from investing activities	272	169	(15,459)	176
Cash Flows from Financing Activities				
Increase in bank borrowings	9,551	-	10,893	-
Repayment of finance lease liabilities	(14)	-	(26)	-
Movement in fixed deposits pledged with banks	3	(9)	4,309	(18)
Proceeds from conditional placement of shares	-	-	8,521	-
Purchase of treasury shares	-	(34)	-	(366)
Net cash generated from/(used in) financing activities	9,540	(43)	23,697	(384)
Net (decrease)/increase in cash and cash equivalents	(3,705)	(323)	(2,728)	831
Effect of currency translation on cash and cash equivalents	32	3	(5)	10
Cash and cash equivalents at beginning of financial period	12,461	8,890	11,521	7,729
Cash and cash equivalents at end of financial period	8,788	8,570	8,788	8,570
Cash and cash equivalents comprises:				
Cash and bank balances	10,652	13,721	10,652	13,721
Less: Fixed deposits pledged	(277)	(5,072)	(277)	(5,072)
Less: Bank overdraft	(1,587)	(79)	(1,587)	(79)
Cash and cash equivalents	8,788	8,570	8,788	8,570

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.

	Attributable to equity holders of the Company									
	Share capital	Treasury Shares	Accumulated losses	Share options reserve	Other reserves	Capital reserves	Currency translation reserve	Total	Non-controlling interest	Total equity
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
The Group										
Balance at 1 January 2017	48,196	(513)	(29,761)	71	(1,150)	-	(79)	16,764	(3,358)	13,406
Net profit for the financial period	-	-	2,252	-	-	-	-	2,252	2,132	4,384
Other comprehensive income for the financial period, net of tax:										
Currency translation differences arising from consolidation	-	-	-	-	-	-	(127)	(127)	(266)	(393)
Total comprehensive income/(loss) for the financial period	-	-	2,252	-	-	-	(127)	2,125	1,866	3,991
Acquisition of subsidiaries	(15,417)	513	12,915	(71)	1,150	3,029	(417)	1,702	10,921	12,623
Issue of shares – Placement	8,830	-	-	-	(309)	-	-	8,521	-	8,521
Reversal of employee share options	-	-	13	(13)	-	-	-	-	-	-
Total transactions with owners of the Company	(6,587)	513	12,928	(84)	841	3,029	(417)	10,223	10,921	21,144
Balance at 31 March 2017	41,609	-	(14,581)	(13)	(309)	3,029	(623)	29,112	9,429	38,541
Net (loss)/profit for the financial period	-	-	(446)	-	-	-	-	(446)	2,248	1,802
Other comprehensive income for the financial period, net of tax:										
Currency translation differences arising from consolidation	-	-	-	-	-	-	111	111	89	200
Total comprehensive (loss)/income for the financial period	-	-	(446)	-	-	-	111	(335)	2,337	2,002
Disposal of subsidiaries	-	-	(53)	-	(321)	-	42	(332)	3,412	3,080
Total transactions with owners of the Company	-	-	(53)	-	(321)	-	42	(332)	3,412	3,080
Balance at 30 June 2017	41,609	-	(15,080)	(13)	(630)	3,029	(470)	28,445	15,178	43,623

	Attributable to equity holders of the Company									
	Share capital <u>S\$'000</u>	Treasury Shares <u>S\$'000</u>	Accumulated losses <u>S\$'000</u>	Share options reserve <u>S\$'000</u>	Other reserves <u>S\$'000</u>	Capital reserves <u>S\$'000</u>	Currency translation reserve <u>S\$'000</u>	Total <u>S\$'000</u>	Non-controlling interest <u>S\$'000</u>	Total equity <u>S\$'000</u>
The Group										
Balance at 1 January 2016	48,196	(104)	(24,438)	194	(1,150)	-	(23)	22,675	(1,525)	21,150
Net loss for the financial period	-	-	(462)	-	-	-	-	(462)	(121)	(583)
Other comprehensive income for the financial period, net of tax:										
Currency translation differences arising from consolidation	-	-	-	-	-	-	74	74	72	146
Total comprehensive (loss)/income for the financial period	-	-	(462)	-	-	-	74	(388)	(49)	(437)
Transaction with owners, recognised directly in equity:										
Purchase of treasury shares	-	(332)	-	-	-	-	-	(332)	-	(332)
Total transaction with owners of the Company	-	(332)	-	-	-	-	-	(332)	-	(332)
Balance at 31 March 2016	48,196	(436)	(24,900)	194	(1,150)	-	51	21,955	(1,574)	20,381
Net loss for the financial period	-	-	(584)	-	-	-	-	(584)	(119)	(703)
Other comprehensive income for the financial period, net of tax:										
Currency translation differences arising from consolidation	-	-	-	-	-	-	8	8	7	15
Total comprehensive (loss)/income for the financial period	-	-	(584)	-	-	-	8	(576)	(112)	(688)
Transaction with owners, recognised directly in equity:										
Purchase of treasury shares	-	(34)	-	-	-	-	-	(34)	-	(34)
Total transaction with owners of the Company	-	(34)	-	-	-	-	-	(34)	-	(34)
Balance at 30 June 2016	48,196	(470)	(25,484)	194	(1,150)	-	59	21,345	(1,686)	19,659

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share options reserve S\$'000	Other reserves S\$'000	Total S\$'000
The Company						
Balance at 1 January 2017	48,196	(513)	(33,828)	71	(1,470)	12,456
Net loss for the financial period	-	-	(254)	-	-	(254)
Total comprehensive income for the period	-	-	(254)	-	-	(254)
Increase in share capital	142,668	-	-	-	-	142,668
Share issue expenses	-	-	-	-	(309)	(309)
Reversal of employee share options	-	-	13	(13)	-	-
Balance at 31 March 2017	190,864	(513)	(34,069)	58	(1,779)	154,561
Net profit for the financial period	-	-	1,364	-	-	1,364
Total comprehensive income for the period	-	-	1,364	-	-	1,364
Increase in share capital	4,778	-	-	-	-	4,778
Balance at 30 June 2017	195,642	(513)	(32,705)	58	(1,779)	160,703
Balance at 1 January 2016	48,196	(104)	(25,417)	194	(1,470)	21,399
Net profit for the financial period	-	-	53	-	-	53
Total comprehensive income for the period	-	-	53	-	-	53
Purchase of treasury shares	-	(332)	-	-	-	(332)
Balance at 31 March 2016	48,196	(436)	(25,364)	194	(1,470)	21,120
Net profit for the financial period	-	-	131	-	-	131
Total comprehensive income for the period	-	-	131	-	-	131
Purchase of treasury shares	-	(34)	-	-	-	(34)
Balance at 30 June 2016	48,196	(470)	(25,233)	194	(1,470)	21,217

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.

(i) Share capital

	30/06/2017		31/03/2017		31/12/2016	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Issued and fully paid ordinary shares	502,336,278	195,642	477,961,278	190,864	15,782,926	48,196

(ii) Share capital excluding treasury shares

	Number of ordinary shares	S\$'000
At 1 January 2017	14,891,126	47,683
Issue of placement shares	11,037,500	8,830
Issue of consideration shares	132,500,000	133,838
At 31 March 2017	158,428,626	190,351
Issue of top-up shares in relation to the RTO	8,125,000	4,778
	166,553,626	195,129
Share split on the basis of every 1 share into 3 shares	499,660,878	195,129
As at 30 June 2017	499,660,878	195,129

As at 30 June 2017, the Company held 2,675,400 treasury shares (after the share split on the basis of every 1 share into 3 shares). (30 June 2016: 817,800 treasury shares, before the share split).

(iii) Share options

As at 30 June 2017, the unissued shares of the Company under option are as follows:

Date of grant of options	Exercise price per share before share split	Exercise price per share after share split	Balance as at 1/1/2017	Granted/ Forfeited during the period	Balance before share split	Balance as at 30/6/2017 after share split	Balance as at 30/6/2016	Exercise period
4.3.2014	S\$1.75	S\$0.583	126,400	(24,000)	102,400	307,200	130,400	3.3.15 to 2.3.19

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.

	Number of shares		
	30/06/2017	30/06/2016	31/12/2016
Total number of issued shares	502,336,278	15,782,926	15,782,926
Treasury shares	2,675,400	817,800	891,800
Total number of issued shares excluding treasury shares	499,660,878	14,965,126	14,891,126
% of treasury shares over total number of issued shares	0.5%	5.2%	5.7%

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.

The Company held 2,675,400 treasury shares (after share split on the basis of every 1 share into 3) as at 30 June 2017. 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 as at the end of the current financial period reported on.

Not applicable. The Company does not have 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.

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 accounting policies and methods of computation applied by the Group in the financial statements for the current reporting period are consistent with those applied in the Company's audited financial statements for the financial year ended 31 December 2016 except that the Group has early adopted **FRS 115 Revenue from Contracts with Customers** for the Non-Property Division to align with the Property Division after the Completion. The early adoption of FRS 115 by the Non-Property Division did not have a significant impact on the financial performance or position of the Group.

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 early adoption of **FRS 115 Revenue from Contracts with Customers** for the Non-Property Division to align with the Property Division after the Completion did not have a significant impact on the financial performance or position of the Group.

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.

Profit/(Loss) per share for the period after deducting any provision for preference dividends (cents)	2Q2017	2Q2016	1H2017	1H2016
(a) Based on weighted average number of ordinary shares in issue	(0.11)	(3.87)	0.45	(6.94)
(b) On a fully diluted basis*	(0.11)	(3.87)	0.45	(6.94)

Profit/(Loss) per share for the financial period ended 30 June 2017 was computed based on the net loss attributable to equity holders of the Company for 2Q2017 of S\$446,000 (2Q2016: S\$584,000) and the net profit attributable to equity holders of the Company for 1H2017 of S\$1,806,000 (1H2016: Loss of S\$1,046,000) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as follows:

	1H2017	1H2016
Weighted average number of ordinary shares		
(a) Based on weighted average number of ordinary shares in issue; and	403,808,159	15,076,643
(b) On fully diluted basis*	403,808,159	15,076,643

*The exercise price of the share options of the Company are above the quoted market price of the Company's shares for both periods and therefore the options are non-dilutive.

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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	5.69	112.58	32.16	83.65

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.**

The unaudited financial results of the Group for 2Q2017 and 1H2017 set out in this announcement include both the Non-Property Division and the Property Division upon the Completion, as compared to the unaudited financial results of the Group for 2Q2016 and 1H2016 prior to the RTO which includes only the Non-Property Division. As such, a comparison of performance between i) 2Q2017 and 2Q2016; and ii) 1H2017 and 1H2016, is not meaningful.

Statement of Comprehensive Income

The Group's revenue increased by S\$13.8 million or 318.1% from S\$4.3 million in 2Q2016 to S\$18.1 million in 2Q2017. The Group's cost of sales correspondingly increased by \$5.7 million or 147.5% from S\$3.9 million in 2Q2016 to S\$9.6 million in 2Q2017.

The increase in revenue and cost of sales is due mainly to contribution of revenue and cost of sales from the Property Division amounting to S\$16.9 million and S\$8.6 million respectively in 2Q2017 subsequent to the Completion. Revenue in 2Q2017 comprised mostly from revenue recognized on the sales of the Property Division's Puteri Cove Residences & Quayside project in Iskandar, Malaysia. The revenue and cost of sales in 2Q2016 and 1H2016 comprised solely of income from the Non-Property Division (comprising the Aluminum Division and Vehicle Division). The Non-Property Division recorded a decrease in revenue of S\$3.1 million to S\$1.2 million in 2Q2017 compared to S\$4.3 million in 2Q2016 as most of the Non-Property Division's projects were completed in FY2016 and following the completion of the disposal of the vehicle traction subsidiaries in 2Q2017. The Non-Property Division's cost of sales correspondingly decreased by S\$2.9 million to S\$1.0 million in 2Q2017 from S\$3.9 million in 2Q2016.

The Group's other operating income increased by S\$1.0 million from S\$0.1 million in 2Q2016 to S\$1.1 million in 2Q2017 mainly due to the reversal of provision of warranty of the Non-Property Division.

The Group's marketing and distribution expenses in 2Q2017 of S\$1.4 million was incurred solely by the Property Division subsequent to the Completion.

The Group's operating and administrative expenses increased by S\$0.6 million to S\$1.2 million in 2Q2017 from S\$0.6 million in 2Q2016 mainly due to the inclusion of the Property Division's operating and administrative expenses upon the Completion.

The Group's other operating expenses increased by S\$2.3 million to S\$3.0 million in 2Q2017 from S\$0.6 million in 2Q2016 mainly from the one-off loss on the disposal of the vehicle sub-division of approximately S\$2.8 million arising mainly from the waiver of the receivables and the non-controlling interest of the vehicle sub-division.

The Group's finance expenses increased by S\$0.4 million in 2Q2017 from S\$4,000 in 2Q2016 mainly due to the inclusion of the Property Division's finance costs upon the Completion.

There was a share of losses from equity-accounted associates and joint ventures mainly due to recognition of losses in the Group's investment in Thailand where the revenue from the sales of property is recognised upon completion. The share of losses recognised is the Group's share of the operating costs charged to profit and loss for the period. The share of losses from equity-accounted associates and joint ventures was contributed mainly by the Property Division.

The Group recorded a net profit after tax of S\$1.8 million in 2Q2017 compared to a loss after tax of S\$0.7 million in 2Q2016 mainly due to the inclusion of the Property Division upon the Completion, partially offset by the loss on the disposal of the vehicle sub-division of approximately S\$2.8 million arising mainly from the waiver of the receivables and the non-controlling interest of the vehicle sub-division.

Statement of Financial Position

The non-current assets of the Group increased by S\$2.3 million to S\$2.6 million as at 30 June 2017 from S\$0.3 million as at 31 December 2016 mainly due to the inclusion of the deferred costs from the consolidation of the Property Division upon the Completion.

The current assets of the Group increased by S\$145.8 million to S\$170.2 million as at 30 June 2017 from S\$24.4 million as at 31 December 2016. The increase was mainly due to the inclusion of the current assets of the Property Division upon the Completion. The current assets of the Property Division as at 30 June 2017 include: (i) development property of approximately S\$120.6 million, (ii) deferred income of S\$15.2 million, (iii) trade and other receivables of \$16.5 million, and (iv) cash and bank balances of S\$5.6 million. This was partially offset by the decrease in current assets of the Non-Property Division of approximately S\$12.1 million mainly due to the decrease in cash and bank balances and other current assets for RTO related payments, partially offset by proceeds from the placement shares.

The non-current liabilities of the Group as at the end of 2Q2017 of S\$57.6 million were contributed solely by the Property Division and comprised mainly loans and borrowings. There were no non-current liabilities as at the end of FY2016 as the Property Division results were consolidated into the Group subsequent to the Completion.

The current liabilities of the Group increased by S\$60.4 million to S\$71.7 million as at 30 June 2017 from S\$11.3 million as at 31 December 2016 mainly due to the inclusion of the current liabilities of the Property Division of approximately S\$65.1 million upon the Completion. These comprised (i) trade and other payables of approximately S\$44.1 million, (ii) overdraft and current portion of bank loans of approximately S\$9.1 million, (iii) income tax payable of approximately S\$8.6 million and (iv) share of losses in excess of the cost of investment in joint venture and associate of approximately S\$3.3 million. The increase from the inclusion of the Property Division was partially offset by the decrease in current liabilities of the Non-Property Division of approximately S\$4.7 million. The decrease in current liabilities of the Non-Property Division was mainly due to (i) the reversal of the provision of warranty of S\$1.1 million, (ii) decrease in other RTO related payables, (iii) decrease in trade payables due to completion of projects, and (iv) de-recognition of the liabilities of vehicle sub-division.

Cash Flow Statement

The Group's 1H2017 net cash used in operating activities increased substantially from the inclusion of the working capital changes of the Property Division amounting to approximately S\$22.5 million and net interest paid amounting to approximately S\$0.7 million, offset by operating cash flow before working capital changes of S\$12.2 million upon the Completion. The net cash used in operating activities by the Non-Property Division for 1H2017 was approximately S\$38,000.

The Group's increase in cash used in investing activities in 1H2017 was mainly due to the cash consideration of S\$16.0 million paid in relation to the RTO.

The Group's increase in cash generated from financing activities for 1H2017 was mainly due to (i) the net proceeds from the conditional placement of shares of approximately S\$8.5 million, (ii) withdrawal of the fixed deposits of S\$4.3 million to pay for the cash consideration upon the Completion and (iii) drawdown of bank loan of S\$10.9 million for the payment for the construction of Puteri Cove Residences & Quayside Project in Malaysia.

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

No forecast or prospect statement has been previously disclosed.

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.

After the completion of the RTO, the Group now comprises of the Property Division and the Non-Property Division.

Property Division

The Property Division will seek to continue to tap on its network of relationships with leading real estate players and investors throughout ASEAN to expand its business.

In Iskandar Malaysia, the Group expects demand for new property development projects to trend upwards, due to, amongst others, increased demand for high-quality housing, the construction of the upcoming Kuala Lumpur-Singapore high speed rail and Johor Bahru-Singapore Rapid Transit System. This would be subject to market conditions in the property development industry, as well as the economic performance of Iskandar Malaysia.

In Bangkok, Thailand, the Group expects that condominiums near mass rapid transit stations will continue to attract buyers, resulting in higher pre-sale absorption rates in these projects relative to those projects located further from a mass rapid transit station. The expected construction of new mass rapid transit routes could generate significant turnover in the land sales market, leading to higher land prices resulting in increasing condominium prices across the market.

Non-Property Division

The industry in which the Aluminum Division operates is closely correlated to the overall conditions of the building construction industry. As the building construction industry slows down, the operating environment for the Aluminum Division is expected to remain challenging because of keen competition.

On 8 May 2017, the Company entered into a sale and purchase agreement to dispose all of its shareholding in Autotrax International Pte. Ltd.. The disposal was completed on 25 May 2017 and the vehicle sub-division ceased to be a sub-division of the Group. Accordingly, the Non-Property Division of the Group now consists solely of the Aluminum Division.

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.

Not applicable.

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.

There was no interested person transaction conducted under the shareholders' mandate obtained at the annual general meeting of the Company held on 26 April 2016 pursuant to Rule 920 for the financial period ended 30 June 2017.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 and Half Year Results)

14 Confirmation pursuant to Rule 720(1) of the Listing Manual

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 listing manual

I, Glen Chan, being the director of Pacific Star Development Limited (the "**Company**"), do hereby confirm on behalf of the directors of the Company, that, to the best of my 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 of the Group for the second quarter and six months ended 30 June 2017 to be materially false or misleading.

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

**Glen Chan
CEO and Managing Director**

Singapore, 14 Aug 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by 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.

The contact person for the Sponsor is Mr. Sebastian Jones, SAC Capital Private Limited at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. Telephone number: +65 6532 3829.

SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.