PACIFIC STAR
DEVELOPMENT LIMITED

2 Venture Drive #19-15, Vision Exchange Singapore 608526
T: (65) 6411 0688 www.pacificstar-dev.com
Business Reg. No: 198203779D

Unaudited Financial Statements And Dividend Announcement For The Three-Month Ended 30 September 2019 ("1QFY2020") For Pacific Star Development Limited (the "Company" and together with its subsidiaries, the "Group")

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 July 2019 to 30 September 2019, shall be referred to herein as "**1QFY2020**";
- the financial year ended 30 June 2019 shall be referred to herein as "**FY2019**"; and
- the corresponding financial quarter of the immediately preceding financial year, the financial quarter from 1 July 2018 to 30 September 2018, will be referred to herein as "**1QFY2019**".

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 1QFY2019 in this announcement, the Group has restated its previously announced unaudited financial figures which resulted in the following impact shown as "**IFRSIC Conclusion**":

<u>The Group</u> **$'000**	**1QFY2019** **(As announced on 9 November 2018)**	**IFRSIC Conclusion** **(Increase)/Decrease**	**1QFY2019** **(Restated)**
Cost of sales	(1,405)	193	(1,212)
Finance costs	(1,186)	(83)	(1,269)

<u>The Group</u> **$'000**	**1 July 2018** **(As announced on 9 November 2018)**	**IFRSIC Conclusion**	**1 July 2018** **(Restated)**
Development properties	148,888	(12,725)	136,163
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	**1QFY2020 $'000**	**1QFY2019 $'000**	**Changes %**
	1		**(Restated)**	
Revenue		-	2,171	(100)
Cost of sales		-	(1,212)	(100)
Gross profit		**-**	**959**	(100)
Other operating income		648	135	380
Expenses:				
Marketing and distribution		(174)	(377)	(54)
Administrative		(1,537)	(451)	241
Others	2	(252)	-	N.M.
Finance costs		(4,774)	(1,269)	276
Share of results of joint venture		(45)	(24)	88
Share of results of associate		(83)	(54)	54
Loss before tax		**(6,217)**	**(1,081)**	475
Income tax expense		-	(51)	(100)
Net loss for the financial period		**(6,217)**	**(1,132)**	449
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from:				
- joint venture		(17)	-	N.M.
- associate		(16)	-	N.M.
- consolidation		325	(1,064)	N.M.
Total comprehensive loss for the financial period		**(5,925)**	**(2,196)**	170
Net loss attributable to:				
Owners of the Company		(6,217)	(435)	N.M.
Non-controlling interest		-	(697)	(100)
		(6,217)	**(1,132)**	449
Total comprehensive loss attributable to:				
Owners of the Company		(5,925)	(1,360)	336
Non-controlling interest		-	(836)	(100)
		(5,925)	**(2,196)**	170

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 Other expenses

	The Group	
	1QFY2020 $'000	1QFY2019 $'000
GST receivable written-off	204	-
Expenses pertaining to Aluminium Division, currently under liquidation	48	-
	252	-

Certain reclassifications of other expenses previously reported in 1QFY2019 were made to administrative expenses to conform to the presentation of the audited FY2019 financial statements.

A Malaysian subsidiary wrote off $0.2 million of Goods and Service Tax ("**GST**") receivable 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	
		1QFY2020 $'000	1QFY2019 $'000
	1		(Restated)
Loss before income tax has been arrived at after charging/(crediting):			
Finance costs	3	4,774	1,269
Depreciation of right-of-use assets		63	-
Depreciation of property, plant and equipement		9	49
Foreign exchange net (gain)/loss		(455)	240
Interest income		(174)	(16)
Reversal of provision of bonus		-	(1,649)

Note 3 Finance costs for 1QFY2019 was 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**	
	Note	**30-Sep-19 $'000**	**30-Jun-19 $'000**	**30-Sep-19 $'000**	**30-Jun-19 $'000**
Non-current assets					
Property, plant and equipment		49	52	-	-
Investment in subsidiaries		-	-	49,198	49,198
Right-of-use assets		601	-	-	-
Total non-current assets		650	52	49,198	49,198
Current assets					
Development properties	4	137,856	136,163	-	-
Trade receivables		12,405	13,652	-	-
Other receivables and other current assets	5	23,281	20,595	3,360	241
Fixed deposits pledged		103	103	103	103
Restricted cash	6	1,159	2,544	-	-
Cash at bank		3,253	1,965	18	5
Total current assets		178,057	175,022	3,481	349
Total assets		**178,707**	**175,074**	**52,679**	**49,547**
Non-current liabilities					
Loans and borrowings		113,606	113,669	-	-
Lease liabilities		367	-	-	-
Other payables	7	1,650	1,557	-	-
Total non-current liabilities		115,623	115,226	-	-
Current liabilities					
Loans and borrowings		8,610	4,093	-	-
Trade payables		10,402	7,843	-	-
Other payables	7	25,985	24,172	16,436	13,033
Joint venture	8	1,415	1,353	-	-
Associate	9	2,273	2,174	-	-
Current tax liabilities		10,751	10,879	-	-
Lease liabilities		239	-	-	-
Total current liabilities		59,675	50,514	16,436	13,033
Total liabilities		**175,298**	**165,740**	**16,436**	**13,033**
Net assets		**3,409**	**9,334**	**36,243**	**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		(45,696)	(39,479)	(160,299)	(160,028)
Other reserves		1,304	1,012	-	-
Equity attributable to owners of the Company and total equity		**3,409**	**9,334**	**36,243**	**36,514**

Note 4 Development properties

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

Note 5 Other receivables and other current assets

	The Group		The Company	
	30-Sep-19	30-Jun-19	30-Sep-19	30-Jun-19
	$'000	$'000	$'000	$'000
Due from joint venture	16,431	13,852	-	-
Due from associate	5,517	5,396	-	-
Net GST receivables	418	612	44	39
Deposits	409	405	169	169
Prepaid interest	246	222	-	-
Sundry debtors	197	48	177	-
Other prepayments	50	60	-	33
Prepayment to suppliers	13	-	-	-
Due from a subsidiary	-	-	2,970	-
	23,281	20,595	3,360	241

Note 6 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 basis.

Note 7 Other Payables

	The Group		The Company	
	30-Sep-19	30-Jun-19	30-Sep-19	30-Jun-19
	$'000	$'000	$'000	$'000
Non-current				
Penalties payable	1,585	1,489	-	-
Others	65	68	-	-
	1,650	1,557	-	-
Current				
Due to a related party	11,521	11,521	3,651	3,651
Accruals	5,875	5,785	293	359
Deposits received	2,887	1,009	-	-
Others	1,965	2,886	-	-
Penalties payable	1,503	1,571	-	-
Resident Committee account	967	760	-	-
Sundry creditors	857	230	175	185
Payables due to liquidators of subsidiaries under liquidation	410	410	410	410
Due to subsidaries	-	-	11,907	8,428
	25,985	24,172	16,436	13,033

As at 30 September 2019, amount due to a related party pertains to advances from a company controlled by a substantial shareholder of the Company. These advances 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 1QFY2020, $1.81 million (equivalent to approximately RM5.47 million) deposits were received for the 7 Sale and Purchase Agreements (the "**SPAs**") (total net SPA value RM9.33 million) signed with buyers of the Group's PCR project. 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 $3.09 million of penalties imposed by Malaysian Tax Authority for late payment and under-estimated chargeable income of corporate income tax in prior years, of which $1.59 million is classified as non-current liabilities in accordance with the scheme of repayment agreed with the Malaysian Tax Authority. The $28,000 increase in penalties payable since 30 June 2019 was attributable to strengthening of the Malaysian Ringgit against Singapore Dollar.

Resident Committee account refers to the amount collected on behalf of the resident committee of 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 8 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 9 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			
	30-Sep-19		30-Jun-19	
	$'000 Secured	$'000 Unsecured	$'000 Secured	$'000 Unsecured
Repayable in one year or less, or on demand	8,610	-	4,093	-
Repayable, after one year	113,606	-	113,669	-

Details of any collateral

As at 30 September 2019, the current secured loans and borrowing amounting to $8.61 million pertains largely to bank overdraft of $2.56 million and loans provided by the same bank of $6.05 million (collectively 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 PSD Singapore Pte. Ltd. ("**PSDS**"), a wholly-owned subsidiary of the Company.

As at 30 September 2019, the non-current secured loans and borrowing amounting to $113.61 million includes $40.35 million under Facility A and $73.26 million under the Loan Facility. The Loan Facility is secured by:

(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, 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).

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	**1QFY2020**	**1QFY2019**
		$'000	**$'000**
	1		**(Restated)**
Cash flows from operating activities			
Loss before income tax		**(6,217)**	**(1,081)**
Adjustments for:			
Finance costs		4,774	1,269
Share of results of associate		83	54
Depreciation of right-of use assets		63	-
Share of results of joint venture		45	24
Depreciation of property, plant and equipment		9	49
Interest income		(174)	(16)
Reversal of provision of bonus		-	(1,649)
Operating cash flow before working capital changes		**(1,417)**	**(1,350)**
Movement in working capital:			
Changes in trade, other receivables and other current assets		(1,267)	9,049
Changes in trade, other payables and provision for warranty		772	5,453
Changes in development properties		(276)	(5,796)
Changes in inventories and construction contracts		-	(429)
Changes in advance billings		-	(3,690)
Effects of currency translation on working capital		(471)	227
Cash flows used in operations		(2,659)	3,464
Interest income received		2	16
Finance costs paid		(445)	(1,186)
Income tax paid		(231)	(14)
Net cash (used in)/generated from operating activities		**(3,333)**	**2,280**
Cash flows from investing activities			
Additions to property, plant and equipment and net cash used in investing activities		**(6)**	**-**
Cash flows from financing activities			
Proceeds from loans from a group of third parties		4,579	-
Repayment of lease liabilities		(80)	(15)
Movement in fixed deposits pledged with banks		-	97
Net repayments of bank loan		-	(1,753)
Net cash generated from/(used in) financing activities		**4,499**	**(1,671)**
Net increase in cash and cash equivalents		1,160	609
Effect of currency translation on cash and cash equivalents		(19)	(86)
Cash and cash equivalents at the beginning of the financial period		(446)	170
Cash and cash equivalents at the end of the financial period		**695**	**693**
Cash and cash equivalents comprises:			
Cash and bank balances		3,253	2,373
Less: Bank overdraft		(2,558)	(1,680)
Cash and cash equivalents		**695**	**693**

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.

Statement of Changes in Equity
For the financial quarter ended 30 September 2019

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**
		Attributable to equity holders of the Company						
				10				
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 income 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**
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 income 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**

Statement of Changes in Equity
For the financial quarter ended 30 September 2019

The Company	**Note**	**Share capital** $'000	**Treasury shares** $'000	**Accumulated losses** $'000	**Share options reserve** $'000	**Other reserves** $'000	**Total** $'000
					11	10	
Balance as at 1 July 2019		**197,055**	**(513)**	**(160,028)**	**-**	**-**	**36,514**
Net loss for the financial period		-	-	(271)	-	-	(271)
Total comprehensive income for the financial period		-	-	(271)	-	-	(271)
Balance as at 30 September 2019		**197,055**	**(513)**	**(160,299)**	**-**	**-**	**36,243**
Balance as at 1 July 2018		**197,055**	**(513)**	**(35,546)**	**42**	**(1,470)**	**159,568**
Net loss for the financial period		-	-	(644)	-	-	(644)
Total comprehensive income for the financial period		-	-	(644)	-	-	(644)
Balance as at 30 September 2018		**197,055**	**(513)**	**(36,190)**	**42**	**(1,470)**	**158,924**

Note 10 As at 30 June 2019, other reserves had been transferred to opening accumulated losses during FY2019.

Note 11 As at 30 September 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.

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 30 Sep 2019		As at 30 Jun 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 year reported on.

As at 30 September 2019, the Company had no outstanding instruments convertible into shares of the Company. As at 30 September 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 30 September 2019 and 30 September 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.

	30-Sep-19	30-Jun-19	30-Sep-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 30 September 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.

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	**1QFY2020**	**1QFY2019**
	1		**(Restated)**
Loss for the financial period ($)		(6,217,000)	(435,000)
Weighted average number of ordinary shares		499,660,878	499,660,878
Basic and diluted Earning Per Share ("EPS") (Singapore cents)		**(1.24)**	**(0.09)**

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 1QFY2020, the basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue.

For 1QFY2019, 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 30 September 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	
	30-Sep-19	**30-Jun-19**	**30-Sep-19**	**30-Jun-19**
Net assets ($)	3,409,000	9,334,000	36,243,000	36,514,000
Number of issued shares	499,660,878	499,660,878	499,660,878	499,660,878
Net asset per share (Singapore cents)	**0.68**	**1.87**	**7.25**	**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

Revenue and cost of sales

The Group's revenue for 1QFY2020 decreased by $2.17 million as compared to 1QFY2019. In 1QFY2019, the Group's revenue included $1.64 million of revenue from the Aluminium division (currently under liquidation), for 1QFY2020, the Aluminium division did not contribute to the Group's revenue.

During 1QFY2020, $1.81 million (equivalent to approximately RM5.47 million) deposits were received for 7 Sale and Purchase Agreements (the "**SPAs**") (total net SPAs value RM9.33 million) signed with buyers for 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 and correspondingly no cost of sales was recognised for 1QFY2020.

Other operating income

Other operating income increased by $0.51 million from $0.14 million in 1QFY2019 to $0.65 million in 1QFY2020. The increase was largely attributable to the $0.50 million increase in foreign exchange gain.

Administrative expenses

Administrative expenses increased by $1.09 million from $0.45 million in 1QFY2019 to $1.54 million in 1QFY2020.

In 1QFY2019, administrative expenses included $1.65 million of reversal of provision of bonus, excluding which, the administrative expenses for 1QFY2019 would have amounted to $2.10 million. Hence, administrative expenses for 1QFY2020 is reduced by $0.56 million when compared to 1QFY2019 (after adjusting for the reversal of provision of bonus). This decrease was largely attributable to (i) the absence of approximately $0.28 million expenses relating to the Aluminium division (currently under liquidation) and (ii) overall net cost reduction of $0.28 million.

Other expenses

The $0.25 million increase in other expenses was largely due to the write-off of GST receivable amounting to $0.20 million as explained in Note 2 above.

Finance costs

Finance costs increased by $3.50 million from $1.27 million in 1QFY2019 to $4.77 million in 1QFY2020 due largely to $3.99 million of financing costs incurred in relation to the Loan Facility. In 1QFY2019, no such financing costs was incurred in relation to the Loan Facility as it was only obtained in December 2018.

Net loss for the financial period

The Group recorded a net loss after tax of $6.22 million in 1QFY2020 compared with a net loss after tax of $1.13 million in 1QFY2019. This is largely attributable to absence of revenue, increased finance costs and net increase in administrative and other expenses as explained in the preceding paragraphs.

Review of Balance Sheets

Company

Net assets

Company's net assets decreased by $0.27 million from $36.51 million as at 30 June 2019 to $36.24 million as at 30 September 2019 due to operational overhead expenses incurred during 1QFY2020.

Group

Total assets

Total assets of the Group increased by $3.64 million from $175.07 million as at 30 June 2019 to $178.71 million as at 30 September 2019. The increase was mainly due to (i) $2.70 million increase in amount due from associate and joint venture, (ii) $1.69 million increase in development properties as construction progresses for PCR's Tower 3, and (iii) $0.60 million 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 a $1.25 million decrease in trade receivables due to routine collection.

Total liabilities

Total liabilities of the Group increased by $9.56 million from $165.74 million as at 30 June 2019 to $175.30 million as at 30 September 2019. This increase is due largely to (i) $4.58 million increase in the Loan Facility due to draw down, (ii) $1.81 million increase in deposits received for 7 SPAs signed during 1QFY2020, (iii) $2.56 million increase in trade payables as construction progresses for PCR's Tower 3, and (iv) $0.61 million lease liabilities pursuant to the adoption of SFRS(I) 16 with effect from 1 July 2019 as mentioned in Section 5 above.

Review of Cash Flow Statement

Net cash used in operating activities amounted to $3.33 million of which (i) $1.42 million of cash flow used in operations was largely attributable to the losses before tax incurred by the Group, (ii) changes in working capital to support the Group's operations result in $1.24 million of cash outflow, (iii) payment of finance costs amounting to $0.44 million, and (iv) payment of income tax amounting to $0.23 million.

The Group's net cash generated from financing activities amounted to $4.50 million which was largely due to the $4.58 million drawdown from the Loan Facility.

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 announcement was made on 3 November 2019 and the results for 1QFY2020 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 high-rise condominium market sectors in Iskandar Puteri, Malaysia and Bangkok, Thailand continue to be challenging without any respite due to the glut of unsold completed condominiums and apartments. Coupled with the tight money lending policies being taken by commercial banks in respect of end user financing for residential properties save for the affordable housing segment, potential buyers are side-lined unless they are not using mortgage loans to fund their purchases. General market sentiments and economic outlook for the foreseeable future are worsened by the on-going trade war between United States and China. The threat of a possible downturn in the economies in Malaysia and Thailand has further dampened buyers' appetite towards making purchase commitments. Nevertheless, the Group has implemented a program of selling through a network of agents in Hong Kong, China, Korea and Taiwan, so as to increase the velocity of sales rate to a larger base of buyers.

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 30 September 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 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board
PACIFIC STAR DEVELOPMENT LIMITED

Glen Chan
CEO and Managing Director
9 November 2019

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**").

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.

The contact person for the Sponsor is Mr. David Yeong, SAC Capital Private Limited at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542. Telephone number: +65 6232 3210.