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Business Reg. No: 198203779D

Eighteen Months ("18M2017") Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 June 2018

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.

Consolidated Financial Statements

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, in accordance with the provision of Singapore Financial Reporting Standard (the "**FRS**") 103: Business Combination. 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 18 months ended 30 June 2018 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; and
5) The comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Target Group;

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.

Separate Financial Statements

Reverse acquisition accounting applies only to the consolidated financial statements.

Change of financial year end

On 9 November 2017, the Company announced the change of financial year end from 31 December to 30 June.

PACIFIC STAR DEVELOPMENT LIMITED

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, Q4, Q5), 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		
	18 Months ended 30 Jun 2018 S$'000	12 Months ended 31 Dec 2016 S$'000	Changes %
Revenue	121,426	59,113	105.4
Cost of sales	(63,053)	(30,149)	109.1
Gross profit	58,373	28,964	101.5
Other operating income	3,909	3,258	20.0
Expenses:			
Marketing and Distribution	(6,499)	(2,240)	190.1
Operating and Administrative	(10,719)	(3,979)	169.4
Other operating	(1,871)	(406)	360.8
Finance	(2,003)	(1,505)	33.1
	(21,092)	(8,130)	159.4
Share of loss of equity-accounted investee	(2,120)	(1,001)	111.8
Profit before tax from continuing operations [1]	39,070	23,091	69.2
Income tax expense	(11,075)	(5,774)	91.8
Net profit after tax from continuing operations	**27,995**	**17,317**	**61.7**
Net loss from discontinued operations	(2,982)	-	N.m
Net profit for the financial period	**25,013**	**17,317**	**44.4**
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences arising from consolidation	973	(650)	N.m
Total comprehensive income for the financial period	**25,986**	**16,667**	**55.9**
Net profit attributable to:			
Equity holders of the Company	8,432	7,529	12.0
Non-Controlling interest	16,581	9,788	69.4
	25,013	**17,317**	**44.4**
Total comprehensive income attributable to:			
Equity holders of the Company	8,978	6,932	29.5
Non-Controlling interest	17,008	9,735	74.7
	25,986	**16,667**	**55.9**

N.m: Not meaningful

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

		The Group	
		18 Months ended 30 Jun 2018	12 Months ended 31 Dec 2016
		S$'000	S$'000
Note 1			
	Profit before income tax has been arrived at after charging/(crediting):		
	Amortisation of deferred costs	5,237	1,719
	Depreciation of property, plant and equipment	424	310
	Foreign exchange loss (net)	(443)	237
	Gain on acquisition of subsidiaries (negative goodwill)	(1,224)	-
	Loss on disposal of property, plant and equipment	14	-
	Gain on disposal of subsidiaries	-	(167)
	Loss on disposal of the vehicle sub-division	2,777	-
	Reversal of impairment loss on other receivables	-	(2,843)
	Reversal of write down of inventories	(95)	-
	Write down of inventories	199	-
	Reversal of provision for warranty	(1,077)	-
	Provision for warranty	177	-
	Interest expenses	2,003	1,505
	Interest income	(332)	(95)

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 Jun 2018	31 Dec 2016	30 Jun 2018	31 Dec 2016
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and bank balances	2,015	6,412	119	10,474
Financial assets, at fair value through profit or loss	4	-	-	-
Trade receivables	38,194	5,559	2,050	725
Other receivables and other current assets	13,862	12,137	194	3,537
Inventories	574	-	-	-
Short-term deposits	501	-	501	-
Deferred costs	-	2,997	-	-
Development property	143,946	103,137	-	-
	199,096	130,242	2,864	14,736
Non-current assets				
Investment in subsidiaries	-	-	169,647	-
Trade receivables	59	-	-	-
Deferred costs	-	260	-	-
Property, plant and equipment	129	340	12	3
	188	600	169,659	3
Total assets	**199,284**	**130,842**	**172,523**	**14,739**
LIABILITIES				
Current liabilities				
Deferred income	10,489	1,865	-	-
Trade payables	21,447	20,512	-	-
Other payables	15,584	14,986	12,955	2,283
Borrowings	25,592	4,152	-	-
Current tax liabilities	13,370	5,835	-	-
Advanced billings	1,235	-	-	-
Joint Venture	3,547	2,004	-	-
Associates	1,132	555	-	-
	92,396	49,909	12,955	2,283
Non-current liabilities				
Loans and borrowings	26,938	35,497	-	-
Loans from non-controlling interests	15,205	13,227	-	-
Deferred tax liabilities	-	1,807	-	-
Provision for warranty	1,129	-	-	-
	43,272	50,531	-	-
Total liabilities	**135,668**	**100,440**	**12,955**	**2,283**
NET ASSETS	**63,616**	**30,402**	**159,568**	**12,456**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25,301	17,738	195,642	48,196
Treasury shares	-	-	(513)	(513)
Reserves	8,910	267	(35,561)	(35,227)
	34,211	**18,005**	**159,568**	**12,456**
Non-controlling interest	29,405	12,397	-	-
Total equity	**63,616**	**30,402**	**159,568**	**12,456**

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 Jun 2018 S$'000		As at 31 Dec 2016 S$'000	
Secured	Unsecured	Secured	Unsecured
25,592	-	4,152	-

Amount repayable after one year

As at 30 Jun 2018 S$'000		As at 31 Dec 2016 S$'000	
Secured	Unsecured	Secured	Unsecured
26,938	15,205	35,497	13,227

Details of any collateral

The borrowings are secured as follows:

- short-term deposits of S$501,000 (31 Dec 2016: Nil);
- 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	
	18 Months Period ended 30 Jun 2018	**12 Months Period ended 31 Dec 2016**
	S$'000	**S$'000**
Cash Flow from Operating Activities		
Profit before income tax from continuing operations	39,070	23,091
Loss before income tax from discontinued operations	(2,982)	-
Adjustments for:		
Amortisation of deferred cost	5,237	1,719
Depreciation of property, plant and equipment	424	310
Loss on disposal of property, plant and equipment	14	-
Gain on disposals of subsidiaries	-	(167)
Loss on disposal of the vehicle sub-division	2,777	-
Interest expense	2,003	1,505
Interest income	(332)	(95)
Share of losses of equity-accounted investees	2,120	1,001
Gain on acquisition of subsidiaries (negative goodwill)	(1,224)	-
Reversal of impairment loss on other receivables	-	(2,843)
Reversal of write down of inventories	(95)	-
Write down of inventories	199	-
Provision for warranty	177	-
Reversal of provision for warranty	(1,077)	-
Unrealised foreign exchange (gain)/loss	(443)	237
Operating cash flow before working capital changes	45,868	24,758
Movement in working capital:		
Changes in development property	(36,199)	(35,915)
Changes in inventories and construction contracts	767	-
Changes in deferred costs	(1,830)	(743)
Changes in deferred income	8,624	(1,177)
Changes in trade, other receivables and other current assets	(27,930)	(7,693)
Changes in trade, other payables and provision for warranty	(6,221)	9,704
Cash flows used in operations	(16,921)	(11,066)
Interest received	332	95
Interest paid	(4,199)	(2,615)
Income tax paid	(5,611)	(1,138)
Net cash used in from operating activities	(26,399)	(14,724)
Cash Flows from Investing Activities		
Acquisition/disposal of subsidiaries, net of cash	(8,474)	(22)
Additions to property, plant and equipment	(134)	(208)
Advances to a joint venture and associate (non-trade)	-	(934)
Proceeds from disposal of vehicle sub-division	350	-
Proceeds from disposal of plant and equipment	271	-
Net cash used in investing activities	(7,987)	(1,164)
Cash Flows from Financing Activities		
Net advances from former holding company (non-trade)	3,985	4,174
Net proceeds from bank borrowings	13,571	13,771
Repayment of finance lease liabilities	(92)	(53)
Movement in fixed deposits pledged with banks	4,586	-
Proceeds from conditional placement of shares	8,521	-
Net cash generated from financing activities	30,571	17,892

	The Group	
	18 Months Period ended 30 Jun 2018	12 Months Period ended 31 Dec 2016
	S$'000	S$'000
Net (decrease)/increase in cash and cash equivalents	(3,815)	2,004
Effect of currency translation on cash and cash equivalents	(10)	(35)
Cash and cash equivalents at beginning of financial period	3,995	2,026
Cash and cash equivalents at end of financial period	170	3,995
Cash and cash equivalents comprises:		
Cash and bank balances	2,015	6,412
Less: Bank overdraft	(1,845)	(2,417)
Cash and cash equivalents	170	3,995

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 S$'000	Accumulated losses S$'000	Capital reserves S$'000	Currency translation reserve S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
The Group							
Balance at 1 January 2017	17,738	(2,269)	3,029	(493)	18,005	12,397	30,402
Net profit for the financial year	-	8,432	-	-	8,432	16,581	25,013
Other comprehensive income for the financial year, net of tax:							
Currency translation differences arising from consolidation	-	-	-	546	546	427	973
Total comprehensive income/(loss) for the financial period	-	8,432	-	546	8,978	17,008	25,986
Transaction with owners, recognised directly in equity:							
Issue of shares – Placement	8,521	-	-	-	8,521	-	8,521
Acquisition of subsidiaries arising from reverse acquisition	(958)	-	-	(3)	(961)	(3,412)	(4,373)
Disposal of subsidiaries	-	(374)	-	42	(332)	3,412	3,080
Total transactions with owners of the Company	7,563	(374)	-	39	7,228	-	7,228
Balance at 30 June 2018	25,301	5,789	3,029	92	34,211	29,405	63,616

The Group	Share capital S$'000	Accumulated losses S$'000	Capital reserves S$'000	Currency translation reserve S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
	Attributable to equity holders of the Company						
Balance at 1 January 2016	16,820	(9,798)	3,029	102	10,153	2,662	12,815
Net profit for the financial period	-	7,529	-	-	7,529	9,788	17,317
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(597)	(597)	(53)	(650)
Total comprehensive income/(loss) for the financial year	-	7,529	-	(597)	6,932	9,735	16,667
Transaction with owners, recognised directly in equity:							
Purchase of treasury shares	918	-	-	2	920	-	920
Total transaction with owners of the Company	918	-	-	2	920	-	920
Balance at 31 December 2016	17,738	(2,269)	3,029	(493)	18,005	12,397	30,402

The Company

	Share capital S$'000	Treasury shares S$'000	Accumulated losses S$'000	Share options reserve S$'000	Other reserves S$'000	Total S$'000
Balance at 1 January 2017	48,196	(513)	(33,828)	71	(1,470)	12,456
Net profit for the financial year	-	-	(25)	-	-	(25)
Total comprehensive income for the period	-	-	(25)	-	-	(25)
Increase in share capital	147,446	-	-	-	-	147,446
Share issue expenses	-	-	-	-	(309)	(309)
Reversal of employee share options	-	-	29	(29)	-	-
Balance at 30 June 2018	195,642	(513)	(33,824)	42	(1,779)	159,568
Balance at 1 January 2016	48,196	(104)	(25,417)	194	(1,470)	21,399
Net loss for the financial year	-	-	(8,534)	-	-	(8,534)
Total comprehensive income for the period	-	-	(8,534)	-	-	(8,534)
Reversal of employee share options	-	-	123	(123)	-	-
Purchase of treasury shares	-	(409)	-	-	-	(409)
Balance at 31 December 2016	48,196	(513)	(33,828)	71	(1,470)	12,456

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 Jun 2018		**31 Dec 2016**	
	Number of ordinary shares	S$'000	Number of ordinary shares	S$'000
Issued and fully paid ordinary shares	502,336,278	195,642	15,782,926	48,196

There were 24,375,000 ordinary shares issued and paid-up capital of the Company during 18M2017.

(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 2018	499,660,878	195,129

As at 30 June 2018, the Company held 2,675,400 treasury shares (after the share split on the basis of every 1 share into 3 shares). (31 December 2016: 891,800 treasury shares, before the share split).

(iii) Share options

As at 30 June 2018, 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 Jan 2017**	**Granted/ (Forfeited) on Completion**	**Balance at Completion after share split**	**Granted/ (Forfeited) after Completion**	**Balance as at 30 Jun 2018**	**Balance as at 31 Dec 2016**	**Exercise period**
4 Mar 2014	S$1.75	S$0.583	126,400	(24,000)	307,200	(91,200)	216,000	126,400	3 Mar 2015 to 2 Mar 2019

The number of options lapsed for 18M2017 amounted to 24,000 (72,000 after share split).

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 Jun 2018	**31 Dec 2016**
Total number of issued shares	502,336,278	15,782,926
Treasury shares	2,675,400	891,800
Total number of issued shares excluding treasury shares	499,660,878	14,891,126
% of treasury shares over total number of issued shares	0.5%	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 2018. 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 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 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**.

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 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 from continuing operations (cents)	**18 Months ended 30 Jun 2018**	**12 Months ended 31 Dec 2016**
(a) Based on weighted average number of ordinary shares in issue	2.44	4.86
(b) On a fully diluted basis*	2.44	4.86

Loss per share for the period from discontinued operations (cents)	**18 Months ended 30 Jun 2018**	**12 Months ended 31 Dec 2016**
(a) Based on weighted average number of ordinary shares in issue	0.64	-
(b) On a fully diluted basis*	0.64	-

Profit/(loss) per share for the financial period ended 30 June 2018 from continuing operations was computed based on the net profit attributable to equity holders of the Company for 18M2017 of S$11,414,000 (12M2016: S$7,529,000) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as shown below.

Loss per share for the financial period ended 30 June 2018 from discontinued operations was based on the net loss attributable to equity holders of the Company for 18M2017 of S$2,982,000 (12M2016: nil) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as follows:

	18 Months ended 30 Jun 2018	**12 Months ended 31 Dec 2016**
Weighted average number of ordinary shares		
(a) Based on weighted average number of ordinary shares in issue; and	467,709,972	154,844,799
(b) On fully diluted basis*	467,709,972	154,844,799

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 Jun 2018	**31 Dec 2016**	**30 Jun 2018**	**31 Dec 2016**
Net asset value per ordinary share based on existing issued share capital as at the end of the period/year (cents)	6.85	11.48	31.55	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 18M2017 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 12M2016 prior to the RTO which includes only the Property Division.

Statement of Comprehensive Income

The Group's year to date revenue increased by S$62.3 million or 105.4% from S$59.1 million in 12M2016 to S$121.4 million in 18M2017 as the Group's iconic project in Puteri Cove Residences & Quayside in Puteri Harbour ("**Puteri Cove Project**") continues to contribute positively to the Group's revenue and earnings. The Group's development has attained the Certificate of Completion and Compliance for Phase 1.

In line with the increase in revenue, the Group's cost of sales also increased by S$32.9 million or 109.1% from S$30.1 million in 12M2016 to S$63.1 million in 18M2017. Accordingly, the Group's gross profit increased by S$29.4 million or 101.5% from S$29.0 million in 12M2016 to S$58.4 million in 18M2017.

Other operating income increased by S$0.7 million or 20.0% from S$3.3m in 12M2016 to S$3.9 million in 18M2017, mainly due to an increase of S$1.0 million of reversal of warranty of the Non-Property Division, gain on acquisition of subsidiaries (negative goodwill) of S$1.2 million which was offset by a reversal of impairment loss on other receivables by S$2.8 million in 12M2016.

Marketing and Distribution expenses rose by S$4.3 million or 190.1% due to higher marketing and distribution costs such as higher agent commission, agency fees and marketing campaigns and events like roadshows and publicity to achieve higher sales.

Operating and administrative expenses increased by S$6.7 million or 169.4% from S$4.0 million in 12M2016 to S$10.7 million in 18M2017 due to higher number of staff hired and higher staff costs in line with higher project development activity.

** 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.*

On a year to date basis, the Group's other operating expenses increased by S$1.5 million or 360.8% from S$0.4 million in 12M2016 to S$1.9 million in 18M2017 partly due to professional fees in relation to the reverse takeover exercise.

Share of losses from equity-accounted investee increased S$1.1 million or 111.8% from S$1.0 million in the previous comparative period to S$2.1 million in the current period. This share of loss arose from the Group's investment in Thailand which revenue from the sales of property is recognized upon delivery of the property after construction. The higher losses recognized by the Group increased due to higher operating, marketing and project management expenses incurred in relation to the "Posh Twelve" project in Thailand.

The Group recorded a net profit after tax of S$25.0 million in 18M2017 compared to S$17.3 million in 12M2016, an increase of 44.4%.

Statement of Financial Position

The total assets of the Group increased by S$68.4 million from S$130.8 million as at 31 December 2016 to S$199.3 million as at 30 June 2018. Together with the increase in total liabilities for the same period of S$35.2 million, the Group's net assets has increased from S$30.4 million as at 31 December 2016 to S$63.6 million as at 30 June 2018.

The current assets of the Group increased by S$68.9 million to S$199.1 million as at 30 June 2018 from S$130.2 million as at 31 December 2016. The increase was mainly due to the inclusion of the current assets of the Non-Property Division of S$5.7 million as at 30 June 2018 and the increase in current assets of the Property Division of approximately S$63.9 million. The current assets of the Non-Property Division as at 30 June 2018 include: (i) trade and other receivables of S$3.4 million, (ii) inventories of S$0.6 million and (iii) cash and bank balances of S$0.9 million.

The increase in current assets of the Property Division of approximately S$63.9 million was mainly due to the following: (i) net increase in development property cost incurred during 18M2017 of S$40.8 million from increase in billing of costs from contractors in line with the completion of Phase 1 of the Puteri Cove Project, which has been offset by the costs recognized in the income statement during 18M2017 of S$59.5 million, (ii) an increase in the trade receivables of the Property Division by S$29.5 million to S$35.1 million as at 30 June 2018 from S$5.6 million as at 31 December 2016 due to an increase in the certified billings to buyers for the stage of billing achieved in 18M2017 and (iii) an increase in other receivables and other current assets by S$1.3 million to S$13.4 million as at 30 June 2018 from S$12.1 million as at 31 December 2016. The increase in other receivables and other current assets are mainly due to shareholder loans granted during RTO, working capital requirements for an Associate Company, stakeholder sums and offset with other receivables which have been paid off. The increase in current assets of the Property Division was offset by decreased in cash and bank balances of S$4.4 million as at 30 June 2018 and utilization of deferred costs of S$3.0 million as at 30 June 2018.

The non-current liabilities of the Group decreased by S$7.2 million to S$43.3 million as at 30 June 2018 from S$50.5 million as at 31 December 2016 due to Property Division's repayment of loans, offset by additional draw down from bridging and fixed loans and additional unwinding of implicit interest component of loans from non-controlling interests. An increase in provision for warranty of S$1.1 million as at 30 June 2018 is due to the inclusion of Non-Property Division.

The current liabilities of the Group increased by S$42.5 million to S$92.4 million as at 30 June 2018 from S$49.9 million as at 31 December 2016 mainly due to the inclusion of the current liabilities of the Non-Property Division of approximately S$3.1 million and increase of current liabilities of Property Division of S$39.4 million. The current liabilities of the Non-Property Division comprised (i) trade and other payables of approximately S$1.9 million and (ii) advanced billings of S$1.2 million. The increase in current liabilities of the Property Division was mainly due to (i) additional current tax liabilities of S$7.5 million, (ii) increase of Joint Venture of S$1.5 million due to share of 18M2017 losses from equity-accounted investee, (iii) bank borrowings of S$21.4 million for the construction of Puteri Cove Project in Malaysia and (iv) deferred income of S$8.6 million.

Cash Flow Statement

The Group's 18M2017 net cash used in operating activities increased by S$11.7 million, which arose mainly due to higher cash usage in operating activities after movements in working capital of S$5.9 million and higher tax payment of S$4.5 million. The Group's operating cash flow before working capital changes for 18M2017 also increased by S$21.1 million as compared to 12M2016, mainly due to (i) higher profit before income tax (net of continuing and discontinued operations) of S$13.0 million, (ii) adjustments for the loss of disposal of the vehicle sub-division of S$2.8 million in 18M2017, (iii) adjustments for the reversal of impairment loss on other receivables of S$2.8 million in 12M2016 and offset by the adjustments for a gain on acquisition of subsidiaries (negative goodwill) of S$1.2 million in 18M2017 and reversal of provision for warranty of S$1.1 million in 18M2017.

The Group's increase in cash used in investing activities in 18M2017 was mainly due to the cash consideration of S$16.0 million paid in relation to the RTO, offset by the cash and cash equivalents acquired through the RTO of S$7.5 million as well as the proceeds from disposal of vehicle sub-division of S$0.4 million and proceeds from the disposal of plant and equipment of S$0.3 million.

The Group's increase in cash generated from financing activities for 18M2017 by S$12.7 million to S$30.6 million 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$4.6 million to pay for the cash consideration upon the Completion, offset by lower drawdown of loan from former holding company of S$0.2 million and lower drawdown of bank loan of S$0.2 million for the payment for the construction of Puteri Cove 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.

Property Division

The Property Division continues to tap on its network of relationships with several leading real estate players and investors so as to expand its development footprint in key gateway cities in ASEAN.

In Malaysia, the Certificate of Completion and Compliance ("**CCC**") for Phase 1 (i.e. two 32-storey residential towers, four SOHO blocks and the 2-storey lifestyle retail centre) of Puteri Cove Project was issued by the state government authorities in February 2018. Phase 2 comprising a third high-rise serviced apartment tower is expected to receive its CCC and be operational by the end of 2018.

The Group continues its sales and marketing efforts at foreign buyers that are venturing to Malaysia especially into Iskandar Puteri. The Group's Puteri Cove Project is strategically located at Puteri Harbour and is a short walk to the Puteri Harbour International Ferry Terminal. It is well positioned to benefit from stronger foreign buyers interest in Iskandar Puteri.

The Group's development project known as The Posh Twelve in Bangkok continues to see buyer interest and sustained sales momentum. The Group announced on 31 July 2018 that the first international sales batch of The Posh Twelve has seen strong foreign buying interest and all 450 units of its first batch of international sales have been sold to foreign buyers.

In Jakarta, pursuant to the Memorandum of Understanding that was entered in September 2018 with PT Kukuh Mandiri Lestari to jointly develop a mixed-use project on 10 hectares of prime sea-front land in Pantai Indah Kapuk 2 as announced previously in September 2017, the Group is in the midst of discussions with PT Kukuh Mandiri Lestari in respect of the definitive joint venture agreements to be signed between the parties.

On 2 May 2018, one of the Company's subsidiaries had entered into a non-binding memorandum of understanding with Reitech Pte Ltd and Crowdvilla Ltd. On 31 July 2018, the Group announced that Crowdvilla's application for its tokens to be listed on a token exchange has been approved. Crowdvilla is currently carrying out its token sale campaign.

Non-Property Division

The Aluminum Division continues to operate in a cost-competitive and change-oriented construction industry. The Group is hopeful to secure new contracts in view of the expected new building construction arising from new HDB construction and private condominium construction activities in 2018 to 2021. The Group shall actively participate in tenders so as to increase new order books and sustain future earnings whilst vigilantly controlling costs.

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.

None.

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 27 April 2017 pursuant to Rule 920 for the financial period ended 30 June 2018.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segment

The Group's operating segments are its strategic business units which offer different products and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:
(i) Property Division - includes property development and investment properties;
(ii) Aluminum Division – includes trading, project fabrication and contract manufacturing; and
(iii) Others - includes corporate office,investment holding activities and discontinued operations which are not directly attributable to a particular business segment above.

	Properties		Aluminium		Others		Elimination		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
TURNOVER										
External sales	117,417	59,113	3,957	-	52	-	-	-	121,426	59,113
Inter-segment sales	-	-	-	-	822	-	(822)	-	-	-
Total turnover	117,417	59,113	3,957	-	874	-	(822)	-	121,426	59,113
Segment result	46,199	25,597	(344)	-	(2,662)	-	-	-	43,193	25,597
Finance costs									(2,003)	(1,505)
Share of loss of equity-accounted investee									(2,120)	(1,001)
Profit before income tax									39,070	23,091
Income tax									(11,075)	(5,774)
Net profit after income tax (continuing operations)									27,995	17,317
Segment assets	194,229	174,375	4,324	-	170,484	-	(169,872)	(43,533)	199,165	130,842
Add:										
Unallocated assets									119	-
									199,284	130,842
Segment liabilities	118,461	138,825	3,498	-	13,879	-	(13,540)	(44,220)	122,298	94,605
Add: Income tax									13,370	5,835
									135,668	100,440
Additions to:										
- Property, plant and equipment	81	208	53	-	-	-	-	-	134	208
Depreciation	380	310	44	-	-	-	-	-	424	310

Geographical segment

Geographically, management manages and monitors the business in two primary geographic areas: Singapore and Malaysia. The segments in Singapore derive revenue mainly from construction projects and the segments in Malaysia derive revenue mainly from property development. South Korea used to derive revenue mainly from trading activities which is categorized as vehicle segment which was disposed of in May 2017.

Sales are based on the country in which the customers are located. Non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets	
	2017	2016	2017	2016
Group	$'000	$'000	$'000	$'000
Singapore	4,009	-	168	186
Malaysia	117,417	59,113	20	414
Total	121,426	59,113	188	600

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8 and 14.

16. A breakdown of sales.

	Group		
	2017 S$'000	2016 S$'000	% Change
Sales reported for first half year	32,915	25,796	27.6
Operating profit after tax and non-controlling interests reported for first half year	5,993	5,975	0.3
Sales reported for second half year	50,998	33,317	53.1
Operating profit after tax and non-controlling interests reported for second half year	14,908	10,692	39.4
Sales reported for third half year	37,513	NA	NA
Operating profit after tax and non-controlling interests reported for third half year	5,085	NA	NA

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest year S$'000	Previous year S$'000
Ordinary	-	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

None.

19. 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).

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

Glen Chan
CEO and Managing Director

Singapore, 27 August 2018

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.

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