

# PACIFIC STAR DEVELOPMENT LIMITED

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## MATERIAL VARIANCES IN UNAUDITED FINANCIAL STATEMENT RESULTS AND DIVIDEND ANNOUNCEMENTS FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2018 TO 31 DECEMBER 2018 AND 1 JANUARY 2019 TO 31 MARCH 2019

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*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the announcements dated 11 February 2019 and 8 May 2019.*

The board of directors (the “**Board**”) of Pacific Star Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s unaudited financial statement and dividend announcements for the financial periods ended 31 December 2018 (“**2Q2019**”) and 31 March 2019 (“**3Q2019**”) released via SGXNet on 11 February 2019 and 8 May 2019 respectively (the “**Quarterly Results**”).

The Board wishes to announce and clarify certain material variances to the Quarterly Results following the Company’s review of the Company’s unaudited financial statements for the financial year ended 30 June 2019 (“**FY2019**”). The details and explanations of the material variances are set out in Appendix A as annexed hereto.

The Board confirms that to the best of their knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

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

**Glen Chan  
CEO and Managing Director  
28 August 2019**

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*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 (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*

## Appendix A

### (i) Consolidated Statement of Comprehensive Income

<u>Group</u> <u>S\$'000</u>	<b>3Q2019</b> <b>(Announced)</b>	<b>3Q2019</b> <b>(Adjusted)</b>	<b>Variances</b>	<b>2Q2019</b> <b>(Announced)</b>	<b>2Q2019</b> <b>(Adjusted)</b>	<b>Variances</b>	<b>Note</b>
Revenue	4,773	2,273	(2,500)	7,279	2,605	(4,674)	1
Cost of sales	(3,054)	(1,478)	1,576	(4,454)	(1,780)	2,674	2
<b>Gross profit</b>	<b>1,719</b>	<b>795</b>	<b>(924)</b>	<b>2,825</b>	<b>825</b>	<b>(2,000)</b>	
Other operating income	161	161	-	401	401	-	
<b>Expenses:</b>							
Marketing and distribution	(179)	(179)	-	(410)	(410)	-	
Operating and administrative	(1,907)	(1,907)	-	(2,588)	(2,588)	-	
Other operating	(546)	(546)	-	(524)	(524)	-	
Finance costs	(3,202)	(3,202)	-	(1,033)	(1,033)	-	
Share of result of joint venture	970	970	-	(1,063)	(1,063)	-	
Share of result of associate	160	160	-	835	835	-	
<b>Loss before tax</b>	<b>(2,824)</b>	<b>(3,748)</b>	<b>(924)</b>	<b>(1,557)</b>	<b>(3,557)</b>	<b>(2,000)</b>	
Income tax (credit)/expense	(102)	(102)	-	4	4	-	
<b>Net loss for the financial period</b>	<b>(2,926)</b>	<b>(3,850)</b>	<b>(924)</b>	<b>(1,553)</b>	<b>(3,553)</b>	<b>(2,000)</b>	
<b>Other comprehensive income, net of tax:</b>							
Items that may be reclassified subsequently to profit or loss							
- Currency translation differences arising from consolidation	571	571	-	(121)	(121)	-	
<b>Total comprehensive income for the financial period</b>	<b>(2,355)</b>	<b>(3,279)</b>	<b>(924)</b>	<b>(1,674)</b>	<b>(3,674)</b>	<b>(2,000)</b>	
Net loss attributable to:							
Equity holders of the Company	(2,926)	(3,850)	(924)	(2,047)	(4,047)	(2,000)	
Non-Controlling interest	-	-	-	494	494	-	
	<b>(2,926)</b>	<b>(3,850)</b>	<b>(924)</b>	<b>(1,553)</b>	<b>(3,553)</b>	<b>(2,000)</b>	
Total comprehensive income attributable to:							
Equity holders of the Company	(2,355)	(3,279)	(924)	(2,107)	(4,107)	(2,000)	
Non-Controlling interest	-	-	-	433	433	-	
	<b>(2,355)</b>	<b>(3,279)</b>	<b>(924)</b>	<b>(1,674)</b>	<b>(3,674)</b>	<b>(2,000)</b>	

## Statement of Financial Position

<b>Group</b>	<b>31-Mar-19</b>	<b>31-Mar-19</b>	<b>Variances</b>	<b>31-Dec-18</b>	<b>31-Dec-18</b>	<b>Variances</b>	<b>Note</b>
<b>S\$'000</b>	<b>(Announced)</b>	<b>(Adjusted)</b>		<b>(Announced)</b>	<b>(Adjusted)</b>		
<b>Current assets</b>							
Cash at bank	5,846	5,846	-	8,985	8,985	-	
Restricted cash	3,937	3,937	-	-	-	-	
Financial assets at fair value through profit or loss	4	4	-	4	4	-	
Trade receivables	15,277	12,777	(2,500)	22,336	17,662	(4,674)	3
Other receivables and other current assets	27,589	27,589	-	19,395	19,395	-	
Contract assets	1,246	1,246	-	764	764	-	
Inventories	243	243	-	545	545	-	
Fixed deposits pledged	403	403	-	404	404	-	
Development property	145,341	146,917	1,576	144,322	146,996	2,674	4
<b>Total current assets</b>	<b>199,886</b>	<b>198,962</b>	<b>(924)</b>	<b>196,755</b>	<b>194,755</b>	<b>(2,000)</b>	
<b>Non-current assets</b>							
Trade receivables	-	-	-	59	59	-	
Property, plant and equipment	81	81	-	74	74	-	
<b>Total non-current assets</b>	<b>81</b>	<b>81</b>	<b>-</b>	<b>133</b>	<b>133</b>	<b>-</b>	
<b>Total assets</b>	<b>199,967</b>	<b>199,043</b>	<b>(924)</b>	<b>196,888</b>	<b>194,888</b>	<b>(2,000)</b>	
<b>Current liabilities</b>							
Trade payables	14,991	14,991	-	15,734	15,734	-	
Other payables	26,907	26,907	-	28,834	28,834	-	
Loans and borrowings	25,451	25,451	-	21,340	21,340	-	
Current tax liabilities	10,698	10,698	-	11,269	11,269	-	
Advance billings	883	883	-	-	-	-	
Joint venture	3,664	3,664	-	4,634	4,634	-	
Associate	191	191	-	351	351	-	
<b>Total current liabilities</b>	<b>82,785</b>	<b>82,785</b>	<b>-</b>	<b>82,162</b>	<b>82,162</b>	<b>-</b>	
<b>Non-current liabilities</b>							
Loans and borrowings	81,497	81,497	-	76,778	76,778	-	
Provision for warranty	1,104	1,104	-	812	812	-	
<b>Total non-current liabilities</b>	<b>82,601</b>	<b>82,601</b>	<b>-</b>	<b>77,590</b>	<b>77,590</b>	<b>-</b>	
<b>Total liabilities</b>	<b>165,386</b>	<b>165,386</b>	<b>-</b>	<b>159,752</b>	<b>159,752</b>	<b>-</b>	
<b>Net assets</b>	<b>34,581</b>	<b>33,657</b>	<b>(924)</b>	<b>37,136</b>	<b>35,136</b>	<b>(2,000)</b>	
<b>Capital and reserves attributable to equity holders of the Company</b>							
Share capital	47,801	47,801	-	47,801	47,801	-	
Retained earnings/(Accumulated losses)	271	(653)	(924)	3,197	1,197	(2,000)	
Other reserves	(13,491)	(13,491)	-	(13,862)	(13,862)	-	
<b>Total equity</b>	<b>34,581</b>	<b>33,657</b>	<b>(924)</b>	<b>37,136</b>	<b>35,136</b>	<b>(2,000)</b>	

(ii) Consolidated Cash Flow Statement

<u>Group</u> S\$'000	3Q2019 (Announced)	3Q2019 (Adjusted)	Variances	2Q2019 (Announced)	2Q2019 (Adjusted)	Variances	Note
<b>Cash flows from operating activities</b>							
Loss before income tax	(2,824)	(3,748)	(924)	(1,557)	(3,557)	(2,000)	5
Adjustments for:							
Depreciation of property, plant and equipment	26	26	-	31	31	-	
Interest expenses	3,202	3,202	-	1,033	1,033	-	
Interest income	(533)	(533)	-	(39)	(39)	-	
Provision for doubtful debts	225	225	-	293	293	-	
Reversal of provision for bonuses	(4)	(4)	-	-	-	-	
Reversal of provision for warranty	-	-	-	-	-	-	
Share of result of joint venture	(970)	(970)	-	1,063	1,063	-	
Share of result of associate	(160)	(160)	-	(835)	(835)	-	
Unrealised foreign exchange loss	37	37	-	18	18	-	
Operating cash flow before working capital changes	(1,001)	(1,925)	(924)	7	(1,993)	(2,000)	
Movement in working capital:							
Changes in development property	(560)	(2,136)	(1,576)	4,531	1,857	(2,674)	6
Changes in inventories and construction contracts	(1,174)	(1,174)	-	335	335	-	
Changes in advance billings	(470)	(470)	-	(8,778)	(8,778)	-	
Changes in trade, other receivables and other current assets	(4,170)	(1,670)	2,500	1,313	5,987	4,674	7
Changes in trade, other payables and provision for warranty	(1,602)	(1,602)	-	(8,774)	(8,774)	-	
Cash flows used in operations	(8,977)	(8,977)	-	(11,366)	(11,366)	-	
Interest received	533	533	-	39	39	-	
Interest paid	(3,202)	(3,202)	-	(1,031)	(1,031)	-	
Income tax paid	(737)	(737)	-	(1,840)	(1,840)	-	
<b>Net cash used in operating activities</b>	<b>(12,383)</b>	<b>(12,383)</b>	-	<b>(14,198)</b>	<b>(14,198)</b>	-	
<b>Cash flows from investing activities</b>							
Additions to property, plant and equipment	(26)	(26)	-	(22)	(22)	-	
Purchase of additional shares from non-controlling interest	-	-	-	(11,000)	(11,000)	-	
<b>Net cash used in investing activities</b>	<b>(26)</b>	<b>(26)</b>	-	<b>(11,022)</b>	<b>(11,022)</b>	-	

(iii) **Consolidated Cash Flow Statement (continued)**

<b>Group</b>							
<b>S\$'000</b>	<b>3Q2019</b>	<b>3Q2019</b>	<b>Variances</b>	<b>2Q2019</b>	<b>2Q2019</b>	<b>Variances</b>	<b>Note</b>
	<b>(Announced)</b>	<b>(Adjusted)</b>		<b>(Announced)</b>	<b>(Adjusted)</b>		
<b>Cash flows from financing activities</b>							
Movement in fixed deposits pledged with banks	1	1	-	-	-	-	-
Net proceeds from/(repayment of) bank borrowings	2,254	2,254	-	(2,960)	(2,960)	-	-
Net repayment of borrowings from lenders	5,700	5,700	-	50,690	50,690	-	-
Repayment of loan from non-controlling interest	-	-	-	(15,000)	(15,000)	-	-
Repayment of finance lease liabilities	(16)	(16)	-	(14)	(14)	-	-
<b>Net cash generated from financing activities</b>	<b>7,939</b>	<b>7,939</b>	<b>-</b>	<b>32,716</b>	<b>32,716</b>	<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents	(4,470)	(4,470)	-	7,496	7,496	-	-
Effect of currency translation on cash and cash equivalents	111	111	-	(17)	(17)	-	-
Cash and cash equivalents at beginning of financial period	8,172	8,172	-	693	693	-	-
<b>Cash and cash equivalents at end of financial period</b>	<b>3,813</b>	<b>3,813</b>	<b>-</b>	<b>8,172</b>	<b>8,172</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents comprises:</b>							
Cash and bank balances	5,846	5,846	-	8,985	8,985	-	-
Less: Bank overdraft	(2,033)	(2,033)	-	(813)	(813)	-	-
<b>Cash and cash equivalents</b>	<b>3,813</b>	<b>3,813</b>	<b>-</b>	<b>8,172</b>	<b>8,172</b>	<b>-</b>	<b>-</b>

**Notes**

- 1 As announced on 1 August 2019, the Board has informed that the management was working with the Company's auditors to assess the appropriateness of the Group's revenue recognised in 3Q2019 and 2Q2019. During the review of the unaudited results for FY2019, the Company's auditors, the Audit Committee and the Board have agreed that certain revenue recognised for Puteri Cove Residences ("PCR") in 3Q2019 and 2Q2019 should be reversed. This resulted in decreases of revenue as compared to those that were previously reported for 3Q2019 and 2Q2019 by S\$2.50 million and S\$4.67 million respectively ("**Adjustments**"). These Adjustments shall be effected in the unaudited results announcement for FY2019.

The Company's Audit Committee has engaged RSM Risk Advisory Pte Ltd, the Company's Internal Auditors, to conduct an Independent Review ("**Review**") on the internal controls relating to the Adjustments. The Company will update the Company's shareholders in due course when the Review is completed.

- 2 Cost of sales, as compared to those that were previously reported for 3Q2019 and 2Q2019 decreased by S\$1.58 million and S\$2.67 million respectively which were attributable to the cost of sales relating to the Adjustments as explained in Note 1 above.

- 3 As a result of the Adjustments as explained in Note 1 above, trade receivables as at 31 March 2019 and 31 December 2018, as compared with those that were previously reported, decreased by S\$2.50 million and S\$4.67 million respectively.
- 4 As a result of the Adjustments as explained in Note 1 and Note 2 above, development property as at 31 March 2019 and 31 December 2018, as compared with those that were previously reported, increased by S\$1.58 million and S\$2.67 million respectively.
- 5 Loss before income tax for 3Q2019 and 2Q2019, as compared with those that were previously reported, increased by S\$0.92 million and S\$2.00 million respectively. These were the effect of the gross profit associated with certain units at PCR recognised in 3Q2019 and 2Q2019 as discussed in Note 1 and Note 2 above.
- 6 Changes in development property in 3Q2019 and 2Q2019, as compared with those that were previously reported, showed variances of S\$1.58 million and S\$2.67 million respectively due to the effects of reversal of development property as explained in Note 4 above.
- 7 Changes in trade, other receivables and other current assets for 3Q2019 and 2Q2019, as compared with those that were previously reported, showed variances of S\$2.50 million and S\$4.67 million respectively due to the effects of receivables reversed as explained in Note 3 above.