

# PACIFIC STAR DEVELOPMENT LIMITED

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

## Third Quarter and Nine Months Unaudited Financial Statements and Dividend Announcement for the 3-Month Period (“3Q2019”) and 9-Month Period (“9M2019”) Ended 31 March 2019

### Change of financial year end

On 9 November 2017, Pacific Star Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announced the change of its financial year end from 31 December to 30 June. For the purposes of this results announcement:

- The financial period from 1 January 2017 to 30 June 2018 shall be referred to as “**FY2018**”;
- The current financial year, being the period from 1 July 2018 to 30 June 2019, shall be referred to as “**FY2019**”;
- The financial quarter from 1 January 2019 to 31 March 2019 shall be referred to as “**3Q2019**” and 9 month period from 1 July 2018 to 31 March 2019 shall be referred to as “**9M2019**”; and
- For avoidance of doubt, for purposes of comparison against the results of the corresponding quarter of the immediately preceding financial year, the financial quarter from 1 January 2018 to 31 March 2018 will be referred to as “**3Q2018**” and the 9 month period from 1 July 2017 to 31 March 2018 will be referred to as “**9M2018**”.

**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  
For the financial quarter ended 31 March 2019**

	The Group					
	3 <sup>rd</sup> Quarter ended 31 Mar			9 months ended 31 Mar		
	2019	2018	Changes	2019	2018	Changes
	(3Q2019)	(3Q2018)		(9M2019)	(9M2018)	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	4,773	22,681	(79.0%)	14,223	73,679	(80.7%)
Cost of sales	(3,054)	(12,731)	(76.0%)	(8,913)	(38,990)	(77.1%)
<b>Gross profit</b>	<b>1,719</b>	<b>9,950</b>	<b>(82.7%)</b>	<b>5,310</b>	<b>34,689</b>	<b>(84.7%)</b>
Other operating income	161	250	(35.6%)	697	742	(6.1%)
<b>Expenses:</b>						
Marketing and distribution	(179)	(1,041)	(82.8%)	(966)	(2,599)	(62.8%)
Operating and administrative	(1,907)	(1,458)	30.8%	(4,499)	(4,208)	6.9%
Other operating	(546)	(225)	142.7%	(1,517)	(631)	140.4%
Finance costs	(3,202)	(159)	N.M	(5,421)	(1,097)	394.2%
	<b>(5,834)</b>	<b>(2,883)</b>	<b>102.4%</b>	<b>(12,403)</b>	<b>(8,535)</b>	<b>45.3%</b>
Share of result of joint ventures	970	14	N.M	(117)	(615)	(81.0%)
Share of result of associate	160	(80)	N.M	941	(261)	N.M
<b>(Loss)/Profit before tax</b> <sup>Note 1</sup>	<b>(2,824)</b>	<b>7,251</b>	<b>N.M</b>	<b>(5,572)</b>	<b>26,020</b>	<b>N.M</b>
Income tax expense	(102)	(1,830)	(94.4%)	(149)	(6,817)	(97.8%)
<b>Net (loss)/profit for the financial period</b>	<b>(2,926)</b>	<b>5,421</b>	<b>N.M</b>	<b>(5,721)</b>	<b>19,203</b>	<b>N.M</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	34	N.M	(614)	1,160	N.M
<b>Total comprehensive income for the financial period</b>	<b>(2,355)</b>	<b>5,455</b>	<b>N.M</b>	<b>(6,335)</b>	<b>20,363</b>	<b>N.M</b>
Net (loss)/profit attributable to:						
Equity holders of the Company	(2,926)	2,465	N.M	(5,518)	8,500	N.M
Non-Controlling interest	-	2,956	N.M	(203)	10,703	N.M
	<b>(2,926)</b>	<b>5,421</b>	<b>N.M</b>	<b>(5,721)</b>	<b>19,203</b>	<b>N.M</b>
Total comprehensive income attributable to:						
Equity holders of the Company	(2,355)	2,468	N.M	(5,932)	9,057	N.M
Non-Controlling interest	-	2,987	N.M	(403)	11,306	N.M
	<b>(2,355)</b>	<b>5,455</b>	<b>N.M</b>	<b>(6,335)</b>	<b>20,363</b>	<b>N.M</b>

N.M: Not meaningful

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

	The Group			
	3 <sup>rd</sup> Quarter ended 31 Mar		9 months ended 31 Mar	
	2019 (3Q2019) S\$'000	2018 (3Q2018) S\$'000	2019 (9M2019) S\$'000	2018 (9M2018) S\$'000
(Loss)/Profit before income tax has been arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	26	54	106	237
Reversal of write down of inventories	-	-	-	(78)
Reversal of provision for bonuses	(4)	-	(1,653)	-
Provision for doubtful debts	225	-	518	-
Foreign exchange (gain)/loss (net)	(119)	776	(285)	586
Gain on acquisition of subsidiaries (negative goodwill)	-	-	-	(1,224)
Amortisation of deferred costs	-	677	-	2,052
Interest expenses	3,202	159	5,421	1,097
Interest income	(533)	(36)	(588)	(200)

Note 1

(Loss)/Profit before income tax has been arrived at after charging/(crediting):

Depreciation of property, plant and equipment	26	54	106	237
Reversal of write down of inventories	-	-	-	(78)
Reversal of provision for bonuses	(4)	-	(1,653)	-
Provision for doubtful debts	225	-	518	-
Foreign exchange (gain)/loss (net)	(119)	776	(285)	586
Gain on acquisition of subsidiaries (negative goodwill)	-	-	-	(1,224)
Amortisation of deferred costs	-	677	-	2,052
Interest expenses	3,202	159	5,421	1,097
Interest income	(533)	(36)	(588)	(200)

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 Sheet As at 31 March 2019	The Group		The Company	
	As at 31 Mar 2019	As at 30 Jun 2018	As at 31 Mar 2019	As at 30 Jun 2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash at bank	5,846	2,015	11	119
Restricted cash <sup>Note</sup>	3,937	-	-	-
Financial assets at fair value through profit or loss	4	4	-	-
Trade receivables	15,277	38,194	-	-
Other receivables and other current assets	27,589	13,862	1,593	2,244
Contract assets	1,246	-	-	-
Inventories	243	574	-	-
Fixed deposits pledged	403	501	403	501
Development property	145,341	143,946	-	-
	<u>199,886</u>	<u>199,096</u>	<u>2,007</u>	<u>2,864</u>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	169,697	169,647
Trade receivables	-	59	-	-
Property, plant and equipment	81	129	-	12
	<u>81</u>	<u>188</u>	<u>169,697</u>	<u>169,659</u>
<b>Total assets</b>	<b>199,967</b>	<b>199,284</b>	<b>171,704</b>	<b>172,523</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	14,991	22,212	-	-
Other payables	26,907	26,319	13,481	12,955
Loans and borrowings	25,451	25,592	-	-
Current tax liabilities	10,698	13,370	-	-
Advance billings	883	11,724	-	-
Joint ventures	3,664	3,547	-	-
Associate	191	1,132	-	-
	<u>82,785</u>	<u>103,896</u>	<u>13,481</u>	<u>12,955</u>
<b>Non-current liabilities</b>				
Loans and borrowings	81,497	26,938	-	-
Loans from non-controlling interests	-	15,205	-	-
Provision for warranty	1,104	1,129	-	-
	<u>82,601</u>	<u>43,272</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b>165,386</b>	<b>147,168</b>	<b>13,481</b>	<b>12,955</b>
<b>NET ASSETS</b>	<b>34,581</b>	<b>52,116</b>	<b>158,223</b>	<b>159,568</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	47,801	47,801	197,055	197,055
Treasury shares	-	-	(513)	(513)
Retained earnings/(accumulated losses)	271	5,789	(36,849)	(35,546)
Other reserves	(13,491)	(30,879)	(1,470)	(1,428)
<b>Equity attributable to owners of the Company</b>	<b>34,581</b>	<b>22,711</b>	<b>158,223</b>	<b>159,568</b>
Non-controlling interest	-	29,405	-	-
<b>Total equity</b>	<b>34,581</b>	<b>52,116</b>	<b>158,223</b>	<b>159,568</b>

Note:

Restricted cash relates to Debt Service Reserve Account (DSRA) of S\$70m loan facility.

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2019 S\$'000		As at 30 Jun 2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
25,451	-	25,592	-

Amount repayable after one year

As at 31 Mar 2019 S\$'000		As at 30 Jun 2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
81,497	-	26,938	15,205

**Details of any collateral**

The borrowings are secured by way of the following:

- (i) fixed deposits pledged of S\$402,500 (30 Jun 2018: S\$501,000);
- (ii) legal mortgage on the Group's development property;
- (iii) assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of the Group's development property;
- (iv) corporate guarantees from a subsidiary and a non-controlling interest; and
- (v) assignment of existing intra-company loans owed, development management agreements, debentures and share charge over Group's development property in Malaysia arising from the loan facility of S\$70.0 million.

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**  
For the financial quarter ended 31 March 2019

	The Group			
	3 <sup>rd</sup> Quarter		9 months	
	Ended 31 Mar		Ended 31 Mar	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>				
(Loss)/Profit before income tax	(2,824)	7,251	(5,572)	26,020
Adjustments for:				
Amortisation of deferred costs	-	677	-	2,052
Depreciation of property, plant and equipment	26	54	106	237
Interest expenses	3,202	159	5,421	1,097
Interest income	(533)	(36)	(588)	(200)
Share of result of joint ventures	(970)	(14)	117	615
Share of result of associate	(160)	80	(941)	261
Provision for doubtful debts	225	-	518	-
Reversal of provision for bonuses	(4)	-	(1,653)	-
Unrealised foreign exchange loss/(gain)	37	(4)	282	(194)
Operating cash flow (used in)/generated before working capital changes	(1,001)	8,167	(2,310)	29,888
Movement in working capital:				
Changes in development property	(560)	(10,193)	(1,632)	(20,700)
Changes in inventories and construction contracts	(1,174)	523	(1,268)	213
Changes in deferred costs	-	(250)	-	(2,475)
Changes in deferred income	-	-	-	17,039
Changes in advance billings	(470)	9,012	(12,938)	2,338
Changes in trade, other receivables and other current assets	(4,170)	(4,127)	6,192	(20,290)
Changes in trade, other payables and provision for warranty	(1,602)	3,623	(4,923)	(2,744)
Cash flows (used in)/generated from operations	(8,977)	6,755	(16,879)	3,269
Interest received	533	36	588	200
Interest paid	(3,202)	(893)	(5,419)	(2,747)
Income tax paid	(737)	(2,419)	(2,591)	(5,528)
Net cash (used in)/generated from operating activities	(12,383)	3,479	(24,301)	(4,806)
<b>Cash Flows from Investing Activities</b>				
Additions to property, plant and equipment	(26)	(3)	(48)	(70)
Proceeds from disposal of plant and equipment	-	-	-	2
Purchase of additional shares	-	-	(11,000)	-
Net cash used in investing activities	(26)	(3)	(11,048)	(68)
<b>Cash Flows from Financing Activities</b>				
Net proceeds/(repayment of) bank borrowings	2,254	(2,251)	(2,459)	(1,699)
Proceeds from borrowings from lenders	5,700	-	56,390	-
Repayment of non-controlling interest loan	-	-	(15,000)	-
Repayment of finance lease liabilities	(16)	(16)	(45)	(45)
Movement in fixed deposits pledged with banks	1	2	98	277
Net cash generated from/(used in) financing activities	7,939	(2,265)	38,984	(1,467)
Net (decrease)/increase in cash and cash equivalents	(4,470)	1,211	3,635	(6,341)
Effect of currency translation on cash and cash equivalents	111	47	8	98
Cash and cash equivalents at beginning of financial period	8,172	1,287	170	8,788
Cash and cash equivalents at end of financial period	3,813	2,545	3,813	2,545
<b>Cash and cash equivalents comprises:</b>				
Cash and bank balances	5,846	4,649	5,846	4,649
Less: Bank overdraft	(2,033)	(2,104)	(2,033)	(2,104)
<b>Cash and cash equivalents</b>	3,813	2,545	3,813	2,545

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 31 March 2019**

	<u>Attributable to equity holders of the Company</u>						
	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
<b>The Group</b>							
<b>Balance at 1 July 2018</b>	47,801	5,789	(30,971)	92	22,711	29,405	52,116
Net loss for the financial period	-	(2,592)	-	-	(2,592)	(203)	(2,795)
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(985)	(985)	(200)	(1,185)
Total comprehensive income for the financial period	-	(2,592)	-	(985)	(3,577)	(403)	(3,980)
Acquisition on investment in subsidiary from non-controlling interest	-	-	18,002	-	18,002	(29,002)	(11,000)
Total transactions with owners of the Company	-	-	18,002	-	18,002	(29,002)	(11,000)
<b>Balance at 31 December 2018</b>	47,801	3,197	(12,969)	(893)	37,136	-	37,136
Net loss for the financial period	-	(2,926)	-	-	(2,926)	-	(2,926)
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	371	371	-	371
Total comprehensive income for the financial period	-	(2,926)	-	371	(2,555)	-	(2,555)
<b>Balance at 31 March 2019</b>	47,801	271	(12,969)	(522)	34,581	-	34,581
<b>Balance at 1 July 2017 (As restated<sup>1</sup>)</b>	47,801	585	(30,971)	(470)	16,945	15,178	32,123
Net profit for the financial period	-	6,035	-	-	6,035	7,747	13,782
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	554	554	572	1,126
Total comprehensive income for the financial period	-	6,035	-	554	6,589	8,319	14,908
<b>Balance at 31 December 2017(As restated<sup>1</sup>)</b>	47,801	6,620	(30,971)	84	23,534	23,497	47,031
Net profit for the financial period	-	2,465	-	-	2,465	2,956	5,421
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	3	3	31	34
Total comprehensive income for the financial period	-	2,465	-	3	2,468	2,987	5,455
<b>Balance at 31 March 2018(As restated<sup>1</sup>)</b>	47,801	9,085	(30,971)	87	26,002	26,484	52,486

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share options reserve S\$'000	Other reserves S\$'000	Total S\$'000
<b><u>The Company</u></b>						
<b>Balance at 1 July 2018</b>	197,055	(513)	(35,546)	42	(1,470)	159,568
Net loss for the financial period	-	-	(886)	-	-	(886)
Total comprehensive income for the period	-	-	(886)	-	-	(886)
<b>Balance at 31 December 2018</b>	197,055	(513)	(36,432)	42	(1,470)	158,682
Net loss for the financial period	-	-	(459)	-	-	(459)
Total comprehensive income for the period	-	-	(459)	-	-	(459)
Reversal of employee share options	-	-	42	(42)	-	-
<b>Balance as at 31 March 2019</b>	197,055	(513)	(36,849)	-	(1,470)	158,223
<b>Balance at 1 July 2017 (As restated<sup>1</sup>)</b>	197,055	(513)	(34,427)	58	(1,470)	160,703
Net profit for the financial period	-	-	1,828	-	-	1,828
Total comprehensive income for the period	-	-	1,828	-	-	1,828
Reversal of employee share options	-	-	16	(16)	-	-
<b>Balance at 31 December 2017 (As restated<sup>1</sup>)</b>	197,055	(513)	(32,583)	42	(1,470)	162,531
Net profit for the financial period	-	-	(587)	-	-	(587)
Total comprehensive income for the period	-	-	(587)	-	-	(587)
<b>Balance at 31 March 2018 (As restated<sup>1</sup>)</b>	197,055	(513)	(33,170)	42	(1,470)	161,944

Note:

<sup>1</sup> The balance of the Statement of Changes in Equity at 1 July 2017 have been restated following adjustments accepted by the Company on the audited financial statements for FY2018 as announced by the Company on 4 October 2018.



**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

	As at 31 Mar 2019		As at 31 Dec 2018	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'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 period reported on.

(ii) Share options

As at 31 March 2019, the unissued shares of the Company under option are as follows:

Date of grant of options	Exercise price per share	Balance as at 31 Dec 2018 ('000)	Granted/ (Forfeited) during the financial period ('000)	Balance as at 31 Mar 2019 ('000)	Balance as at 31 Mar 2018 ('000)	Exercise period
4 Mar 2014	S\$1.75	72	(72)	-	216	3 Mar 2015 to 2 Mar 2019

The number of options lapsed for 9M2019 amounted to 72,000. The exercise price per share and the balance number of unissued shares under option are prior to the share split in connection with the RTO.

**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		
	As at 31 Mar 2019	As at 30 Jun 2018	As at 31 Mar 2018
Total number of issued shares	502,336,278	502,336,278	502,336,278
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.**

The Company held 2,675,400 treasury shares as at 31 March 2019. 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.**

Except as disclosed in item 5 below, 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 30 June 2018.

**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.**

Adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

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

The Group's financial statements for the financial period beginning 1 July 2018 is prepared in accordance with the SFRS(I) issued by the Accounting Standards Council.

The adoption of SFRS(I) does not have any material 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.**

<b>(Loss)/Profit per share for the period (cents)</b>	<b>3Q2019</b>	<b>3Q2018</b>	<b>9M2019</b>	<b>9M2018</b>
(a) Based on weighted average number of ordinary shares in issue	(0.59)	0.49	(1.10)	1.70
(b) On a fully diluted basis*	(0.59)	0.49	(1.10)	1.70

(Loss)/Profit per share for 3Q2019 was computed based on the net (loss)/profit attributable to equity holders of the Company of (S\$2,926,000) (3Q2018: profit of S\$2,465,000) and divided by the weighted average number of shares as shown below.

(Loss)/Profit per share for 9M2019 was computed based on the net (loss)/profit attributable to equity holders of the Company of (S\$5,518,000) (9M2018: profit of S\$8,500,000) and divided by the weighted average number of shares as shown below.

	<b>3Q2019</b>	<b>3Q2018</b>	<b>9M2019</b>	<b>9M2018</b>
Weighted average number of ordinary shares				
(a) Based on weighted average number of ordinary shares in issue excluding treasury shares; and	499,660,878	499,660,878	499,660,878	499,660,878
(b) On fully diluted basis*	499,660,878	499,660,878	499,660,878	499,660,878

\*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	
	As at 31 Mar 2019	As at 30 Jun 2018	As at 31 Mar 2019	As at 30 Jun 2018
Net asset value per ordinary share based on existing issued share capital as at the end of the period (cents)	6.9	4.5	31.7	31.9

Net asset value per ordinary share was computed based on the equity attributable to owners of the Company as at 31 March 2019 of \$34,581,000 (30 June 2018: \$22,711,000) divided by the total number of shares excluding treasury shares of 499,660,878 as at 31 March 2019 (30 June 2018: 499,660,878).

**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**

**For 3 Months; Third Quarter ended 31 Mar 19 ("3Q2019") vs Third Quarter ended 31 Mar 18 ("3Q2018")**

The Group's revenue for 3Q2019 decreased by S\$17.91 million or 79.0% to S\$4.77 million due to primarily decreased sales in the Group's project in Iskandar Puteri, known as Puteri Cove Residences & Quayside in Puteri Harbour (the "**Puteri Cove Project**") during 3Q2019 as a result of the continuing poor market sentiments in the residential market in Iskandar Malaysia. The Group had recognised revenue based on percentage of completion in 3Q2018 and had obtained the Certificate of Completion and Compliance ("**CCC**") for Tower One, Tower Two, the SoHo and retail center of the Puteri Cove Project during the financial quarter ended 31 Mar 2018, resulting in higher revenue recognised for that period whereas for 3Q2019, revenue recognition arose from actual sales of unsold completed inventory.

In line with the decrease in revenue, the Group's cost of sales also decreased by S\$9.68 million or 76.0% to S\$3.05 million in 3Q2019. Gross profit decreased by S\$8.23 million or 82.7% to S\$1.72 million in 3Q2019 primarily due to lower number of units sold in the Puteri Cove Project.

Marketing and distribution expenses decreased by S\$0.86 million or 82.8% to S\$0.18 million in 3Q2019 due to lower sales commissions and marketing expenses from lower sales for the Puteri Cove Project.

Operating and administrative expenses increased by S\$0.45 million or 30.8% to S\$1.91 million in 3Q2019 largely due to professional fees in relation to the S\$70 million loan facility obtained (the "**Loan Facility**", which was announced by the Company on 24 December 2018).

Other operating expenses increased by S\$0.32 million or 142.7% to S\$0.55 million in 3Q2019 mainly due to provision for doubtful debts for the Aluminium Division.

Finance costs increased by S\$3.04 million to S\$3.20 million in 3Q2019 largely due to financing cost incurred in relation to S\$70 million Loan Facility and higher fixed loan interest on bank loans.

The share of result of joint ventures increased by S\$0.96 million to S\$0.97 million in 3Q2019 due to capitalisation of development fee expenses in relation to the Group's property development project in Bangkok, Thailand known as "The Posh Twelve".

The share of result of associate increased by S\$0.24 million to S\$0.16 million in 3Q2019 due to better result from the associate.

The Group recorded a net loss after tax of S\$2.93 million in 3Q2019 compared to net profit after tax of S\$5.42 million in 3Q2018. This was mainly due to lower sales and higher finance costs in 3Q2019.

The net loss attributable to equity holders of the Company is S\$2.93 million in 3Q2019 compared to net profit attributable to equity holders of the Company of S\$2.47 million in 3Q2018.

### **Nine-Month ended 31 Mar 19 (“9M19”) vs Nine-Month ended 31 Mar 18 (“9M18”)**

The Group's revenue for 9M2019 decreased by S\$59.46 million or 80.7% to S\$14.22 million due to primarily decreased sales in the Group's Puteri Cove Project during 9M2019 arising from continued poor market sentiments in the residential market in Iskandar Malaysia.

In line with the decrease in revenue, the Group's cost of sales also decreased by S\$30.08 million or 77.1% to S\$8.91 million in 9M2019. Gross profit decreased by S\$29.38 million or 84.7% to S\$5.31 million in 9M2019 primarily due to lower selling prices and number of units sold in the Puteri Cove Project from various sales programs.

Marketing and distribution expenses decreased by S\$1.63 million or 62.8% to S\$0.97 million in 9M2019 due to lower sales commissions and marketing expenses arising from lower sales for the Puteri Cove Project.

Operating and administrative expenses increased by S\$0.29 million or 6.9% to S\$4.50 million in 9M2019 due to professional costs incurred for the Loan Facility obtained in 2Q2019 which was partially offset by cost-saving measures taken by the Group.

Other operating expenses increased by S\$0.89 million or 140.4% to S\$1.52 million in 9M2019 mainly due to provision for doubtful debts provided for the Aluminium Division in 9M2019.

Finance costs increased by S\$4.32 million or 394.2% to S\$5.42 million in 9M2019 largely due to financing cost incurred in relation to the S\$70 million loan facility and higher fixed loan interest on bank loans.

The Group recorded a net loss after tax of S\$5.72 million in 9M2019 compared with a net profit after tax of S\$19.20 million in 9M2018 mainly due to lower sales and revenue recognised in 9M2019 from the Puteri Cove Project.

The net loss attributable to the equity holders of the Company excluding non-controlling interest is S\$5.52 million in 9M2019 compared with net profit attributable of S\$8.50 million in 9M2018.

### **Review of Statement of Financial Position**

The current assets of the Group increased by S\$0.79 million to S\$199.89 million as at 31 March 2019 compared to 30 June 2018. This increase was largely due to (i) S\$3.83 million increase in the Group's cash as a result of partial drawdown of from the S\$70 million Loan Facility, (ii) S\$3.94 million restricted cash in relation to Debt Servicing Reserve Account (“DSRA”) of the Loan Facility, (iii) S\$13.73 million increase in other receivables mainly due to receivables withheld in escrow account and advances to joint ventures, (iv) increase in Development Property of S\$1.40 million due to progress of Tower 3 development and (v) S\$1.25 million increase in contract assets of the Aluminium Division due to revenue recognised over time using the input method in excess of amount invoiced as at balance sheet date which is in line with FRS 115, offset by reduction in trade receivables of S\$22.92 million due to slower sales rate and inventories of S\$0.33 million.

The current liabilities of the Group decreased by S\$21.11 million as at 31 March 2019 compared to 30 June 2018. This decrease was driven by (i) S\$10.84 million reduction in advance billings largely due to decrease in on-going projects of the Aluminium Division, (ii) S\$7.22 million reduction in trade payables mainly due to payments to suppliers as development works had been completed for Tower 1, Tower 2, the SoHo and retail center of the Puteri Cove Project, (iii) S\$2.67 million decrease in current tax liabilities due to payment of corporate income tax, and (iv) S\$0.94 million decrease in associate due to its improved performance from the associate.

The non-current liabilities of the Group increased by S\$39.33 million as at 31 March 2019 compared to 30 June 2018. This increase was largely due to (i) S\$54.56 million net increase in non-current loan and borrowings largely due to drawdown from the S\$70 million Loan Facility, and (ii) S\$15.21 million decrease in loans from non-controlling interests arising as a result of repayment in full of such loans pursuant to the share repurchase agreement entered into with Max Treasure Co., Ltd which was announced on 24 December 2018.

The total assets of the Group increased by S\$0.68 million to S\$199.97 million as at 31 March 2019. The Group's total liabilities increased by S\$18.22 million over the same period. Consequently, the Group's net assets have decreased by S\$17.54 million to S\$34.58 million as at 31 March 2019.

The net assets attributable to the equity holders of the Company increased by S\$11.87 million from S\$22.71 million as at 30 June 2018 to S\$34.58 million as at 31 March 2019 as a result of the completion of the share repurchase agreement entered into with Max Treasure Co., Ltd, whereby the Group consequently now owns 100% of Twin Prosperity Group Ltd and therefore 100% of the Puteri Cove Project.

## **Review of Cash Flow Statement**

The Group's net cash used in operating activities in 3Q2019 was S\$12.38 million compared with a net cash generated from operating activities of S\$3.48 million in 3Q2018.

Net cash used in operating activities was S\$12.38 million in 3Q2019 driven by operating cash flow used before working capital changes and movement in working capital.

Operating cash flow used before working capital changes were mainly due to the loss before income tax of S\$2.82 million, interest expense of S\$3.20 million, interest income of S\$0.53 million, share of result of joint ventures of S\$0.97 million, share of result of associate of S\$0.16 million and provision of doubtful debts of S\$0.23 million. These non-cash items negated one another.

Net cash used in operating activities due to movement in working capital (i) cash outflows arising from increase in development property S\$0.56 million, (ii) inventories and construction contracts S\$1.17 million, (iii) advance billings of S\$0.47 million, (iv) trade, other receivables and other current assets of S\$4.17 million and (v) trade, other payables and provision for warranty of S\$1.60 million. In addition, interest and income tax paid accounted for a further outflow of S\$3.94 million.

The Group's net cash used in investing activities in 3Q2019 was S\$0.03 million for the acquisition of fixed assets.

The Group's net cash generated from financing activities in 3Q2019 was S\$7.94 million largely due to S\$5.70 million drawdown from the S\$70.0 million Loan Facility.

### **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 for the current financial quarter discussed in this announcement.

### **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**

Dampened residential property market sentiments continue to persist in Johor, Malaysia and Bangkok, Thailand with oversupply concerns, large inventory of completed but unsold condos and restrictions on bank mortgage loans to buyers. Furthermore, geopolitical and macroeconomic uncertainties add to buyers' fears about the residential market outlook. Nevertheless, the Group continues to actively promote and sell its two property projects through regular marketing campaigns around the region. In addition, the Group is looking to secure fee-income project/development management agreements in the region.

#### **Aluminium Division**

The Aluminium Division operates within the highly competitive Singapore building industry that continues to face competitive pricing in government and private sector tenders. The Company had announced the proposed disposal of the Aluminium Division on 23 April 2019 and subsequently announced the termination of the proposed disposal on 8 May 2019. The Company intends to dispose of the Aluminium Division in the near future and will keep shareholders updated on the status thereof.

### **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/recommendeded, a statement to that effect and the reason(s) for the decision.**

Not applicable as there were no profits.

**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.**

The Company does not have a general mandate from shareholders for IPTs.

**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**

I, Glen Chan, being a 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 3-month period ended 31 March 2019 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, 8 May 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**"), 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 David Yeong, SAC Capital Private Limited at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542. Telephone number: +65 6232 3210.