

Unaudited Financial Statements And Dividend Announcement For The Twelve Months Ended 30 June 2019 (“FY2019”)

A 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 current financial year being reported on, refers to the financial year from 1 July 2018 to 30 June 2019, shall be referred to as “**12M2019**”; and
- For avoidance of doubt, for the purposes of this announcement, the corresponding period of the immediately preceding financial year refers to the 18 month financial period from 1 January 2017 to 30 June 2018 which shall be referred to as “**18M2017**”.

B Prior year adjustment arising from the 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.

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. 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.

Accordingly, for the purposes of this announcement, the Group has restated its previously audited financial figures which resulted in the following impact shown as “**Effect of adoption of IFRSIC Conclusion**”:

S\$'000 Increase/(Decrease)	Retained earnings	Non-controlling interest	Development property	Finance costs
1 January 2017	(2,848)	(2,736)	(5,584)	N.A.
1 July 2018	(1,155)	(1,110)	(2,265)	944
Total	(4,003)	(3,846)	(7,849)	944

N.A. Not applicable

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 year ended 30 June 2019**

	The Group		Changes %
	12 months ended 30 June 2019	18 months ended 30 June 2018	
	Note (12M2019) S\$'000	(18M2017) S\$'000 (Restated)	
	1		
Revenue	4,276	121,426	(96.5%)
Cost of sales	(3,110)	(63,053)	(95.1%)
Gross profit	1,166	58,373	(98.0%)
Other operating income	901	3,909	(77.0%)
Expenses:			
Marketing and distribution	(145)	(6,499)	(97.8%)
Operating and administrative	(10,109)	(12,523)	(19.3%)
Others	(4,090)	(67)	N.M
Finance costs	(10,393)	(4,268)	143.5%
Share of result of joint venture	2,500	(1,543)	N.M
Share of result of associate	328	(577)	N.M
(Loss)/Profit before tax from continuing operations	(19,842)	36,805	N.M
Income tax expense	(1,865)	(11,075)	(83.2%)
Net (loss)/profit after tax from continuing operations	(21,707)	25,730	N.M
Net loss from discontinued operations	(519)	(2,982)	(82.6%)
Net (loss)/profit for the financial year/period	(22,226)	22,748	N.M
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences arising from consolidation	(1,047)	973	N.M
Total comprehensive income for the financial year/period	(23,273)	23,721	N.M
Net (loss)/profit attributable to:			
Equity holders of the Company	(22,023)	7,277	N.M
Non-Controlling interest	(203)	15,471	N.M
	(22,226)	22,748	N.M
Total comprehensive income attributable to:			
Equity holders of the Company	(22,866)	7,823	N.M
Non-Controlling interest	(407)	15,898	N.M
	(23,273)	23,721	N.M

N.M Not Meaningful

Note 1 Please refer to item B “Prior year adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)” and IFRSIC conclusion on borrowing cost on page 1 of this announcement.

Note 2 Other expenses

	The Group	
	12 months ended 30 June 2019 (12M2019) \$'000	18 months ended 30 June 2018 (18M2017) \$'000
Penalties imposed by Malaysian tax authority	3,110	-
Write-down of development property	931	-
Bad debts written off	49	-
Penalties and fines	-	54
Loss on disposal of property, plant and equipment	-	13
	4,090	67

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

	Note	The Group	
		12 months ended 30 June 2019 (12M2019) S\$'000	18 months ended 30 June 2018 (18M2017) S\$'000
(Loss)/Profit before income tax from continuing operations has been arrived at after charging/(crediting):	1		(Restated)
Finance costs	3	10,393	4,268
Foreign exchange net loss/(gain)		1,174	(422)
Write-down of development property		931	-
Write-down of fixed deposits relating to subsidiaries under liquidation		150	-
Depreciation of property, plant and equipment		113	449
Bad debts written off		49	-
Amortisation of deferred costs		-	5,237
Gain on acquisition of subsidiaries (negative goodwill)		-	(1,224)
Loss on disposal of vehicle sub-division		-	2,777
Provision for warranty		-	177
Reversal of provision for warranty		-	(1,077)
Reversal of write down of inventories		-	(95)
Write-down of inventories		-	199
Interest income		(377)	(332)
Forfeiture income		(418)	(396)

Note 3 Finance costs for 18M2017 was restated, please refer to item B "Prior year adjustment arising from the adoption of SFRS(l) 1 First-time Adoption of Singapore Financial Reporting Standards (International)" and IFRSIC conclusion on borrowing cost 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

Statement of Financial Position As at 30 June 2019	Note	The Group			The Company	
		30-Jun-19 S\$'000	30-Jun-18 S\$'000 (Restated)	1-Jan-17 S\$'000 (Restated)	30-Jun-19 S\$'000	30-Jun-18 S\$'000
Current assets	1					
Cash at bank		1,965	2,015	6,412	5	119
Restricted cash	4	2,544	-	-	-	-
Financial assets at fair value through profit or loss		-	4	-	-	-
Trade receivables		13,500	38,194	5,559	-	-
Other receivables and other current assets	5	20,232	13,862	12,137	241	2,244
Inventories		-	574	-	-	-
Deferred costs		-	-	2,997	-	-
Fixed deposits pledged		103	501	-	103	501
Development property	6	135,388	136,097	97,553	-	-
Total current assets		173,732	191,247	124,658	349	2,864
Non-current assets						
Investment in subsidiaries		-	-	-	167,838	169,647
Deferred costs		-	-	260	-	-
Trade receivables		-	59	-	-	-
Property, plant and equipment		52	129	340	-	12
Total non-current assets		52	188	600	167,838	169,659
Total assets		173,784	191,435	125,258	168,187	172,523
Current liabilities						
Trade payables		8,027	22,212	20,512	-	-
Other payables	7	23,715	26,319	14,986	13,033	12,955
Loans and borrowings		4,093	25,592	4,152	-	-
Current tax liabilities		10,879	13,370	5,835	-	-
Advance billings		-	11,724	1,865	-	-
Joint venture	8	1,047	3,547	2,004	-	-
Associate	9	804	1,132	555	-	-
Total current liabilities		48,565	103,896	49,909	13,033	12,955
Non-current liabilities						
Loans and borrowings		113,669	26,938	35,497	-	-
Loans from non-controlling interests		-	15,205	13,227	-	-
Other payables	7	1,556	-	-	-	-
Deferred tax liabilities		-	-	1,807	-	-
Provision for warranty		-	1,129	-	-	-
Total non-current liabilities		115,225	43,272	50,531	-	-
Total liabilities		163,790	147,168	100,440	13,033	12,955
Net assets		9,994	44,267	24,818	155,154	159,568
Capital and reserves attributable to equity holders of the Company						
Share capital		47,801	47,801	17,738	197,055	197,055
Treasury shares		-	-	-	(513)	(513)
(Accumulated losses)/Retained earnings		(40,085)	1,786	(5,117)	(41,388)	(35,546)
Other reserves		2,278	(30,879)	2,536	-	(1,428)
Equity attributable to owners of the Company		9,994	18,708	15,157	155,154	159,568
Non-controlling interest		-	25,559	9,661	-	-
Total equity		9,994	44,267	24,818	155,154	159,568

Note 4 Restricted cash

Restricted cash relates to the Debt Service Reserve Account (“**DSRA**”) under escrow in relation to the S\$70 million loan facility (the “**Loan Facility**”).

Note 5 Other receivables and other current assets

	The Group			The Company	
	30-Jun-19	30-Jun-18	1-Jan-17	30-Jun-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Due from joint venture	13,852	7,736	5,099	-	-
Due from associates	5,396	4,934	3,716	-	-
Deposits	405	508	196	169	169
Net GST receivables	249	252	254	39	-
Sundry debtors	48	-	-	-	-
Due from subsidiaries	-	-	-	-	1,922
Other receivables	-	207	2,768	-	325
	<u>19,950</u>	<u>13,637</u>	<u>12,033</u>	<u>208</u>	<u>2,416</u>
Less: allowance for impairment of amount due from subsidiaries	-	-	-	-	(197)
	<u>19,950</u>	<u>13,637</u>	<u>12,033</u>	<u>208</u>	<u>2,219</u>
Prepaid interest	222	-	-	-	-
Other prepayments	60	136	104	33	25
Prepayment to suppliers	-	89	-	-	-
	<u>20,232</u>	<u>13,862</u>	<u>12,137</u>	<u>241</u>	<u>2,244</u>

Note 6 Development property

The development property 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 7 Other Payables

	The Group			The Company	
	30-Jun-19	30-Jun-18	1-Jan-17	30-Jun-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Current					
Due to related parties	11,521	19,360	3,875	3,651	11,500
Accruals	5,785	5,811	10,861	359	544
Other payables	2,431	-	-	-	-
Penalties payable	1,571	-	-	-	-
PCR deposits received	1,006	-	-	-	-
PCR Resident Committee account	761	-	-	-	-
Payables relating to subsidiaries under liquidation	410	-	-	410	-
Sundry creditors	230	1,148	250	185	181
Due to subsidiaries	-	-	-	8,428	730
	<u>23,715</u>	<u>26,319</u>	<u>14,986</u>	<u>13,033</u>	<u>12,955</u>
Non-current					
Other payables	67	-	-	-	-
Penalties payable	1,489	-	-	-	-
	<u>1,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 June 2019, amount due to related parties 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.

Penalties payable pertains to the S\$3.11 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 S\$1.49 million is classified as non-current liabilities in accordance with the scheme of repayment agreed with the Malaysian Tax Authority.

PCR deposits comprise purchase deposits received from PCR unit buyers and rental deposits from tenants of PCR retail units.

PCR Resident Committee account refers to the amount collected on behalf of the PCR Resident Committee.

Payables relating to subsidiaries under liquidation (companies of the Group's former Aluminum Division) pertains to 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 Group'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-Jun-19		30-Jun-18	
	S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
Repayable in one year or less, or on demand	4,093	-	25,592	-
Repayable, after one year	113,669	-	26,938	15,205

Details of any collateral

As at 30 June 2019, the current secured loans and borrowing amounting to S\$4.09 million pertains largely to bank overdraft of S\$2.41 million and loans provided by the same bank of S\$1.67 million (collectively referred to as "**Facility A**"). Facility A is secured by the following:

- (i) legal mortgage on PCR;
- (ii) all-monies debenture and power of attorney over the assets and properties of PDD (a wholly-owned subsidiary of the Company);
- (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 June 2019, the non-current secured loans and borrowing amounting to S\$113.67 million includes S\$47.82 million under Facility A and S\$65.85 million under the Loan Facility. The Loan Facility is secured by:

- (i) assignment of intra-company loans owed to the Group for the purpose of the Group and associate's development projects;
- (ii) assignment of development management agreements relating to the Group's PCR and associate's development project ("**The Posh Twelve**");
- (iii) debentures over the Company, PSDS, Twin Prosperity Group Ltd ("**TPG**") and Tropical Sunrise Development Inc ("**TSD**") (which are all wholly-owned subsidiaries of the Company); and
- (iv) share charges over shares of PSDS, TPG, TSD, PDD, MHL and 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
For the financial year ended 30 June 2019**

	Note	The Group	
		12M2019	18M2017
		S\$'000	S\$'000
	1		(Restated)
Cash flows from operating activities			
(Loss)/Profit before income tax from continuing operations		(19,842)	36,805
Loss before income tax from discontinued operations		(519)	(2,982)
(Loss)/Profit before tax		(20,361)	33,823
Adjustments for:			
Finance costs		10,393	4,268
Write-down of development property		931	-
Depreciation of property, plant and equipment		113	449
Bad debts written off		49	-
Amortisation of deferred costs		-	5,237
Gain on acquisition of subsidiaries (negative goodwill)		-	(1,224)
Loss on disposal of vehicle sub-division		-	2,777
Provision for warranty		-	177
Reversal of write down of inventories		-	(95)
Reversal of provision for warranty		-	(1,077)
Write-down of inventories		-	199
Write-down of fixed deposit		(150)	-
Share of result of associate		(328)	577
Interest income		(377)	(332)
Share of result of joint ventures		(2,500)	1,543
Unrealised foreign exchange gain		(2,947)	(454)
Effects of liquidation of discontinued business		(4,757)	-
Operating cash flow before working capital changes		(19,934)	45,868
Movement in working capital:			
Changes in trade, other receivables and other current assets		14,776	(27,930)
Changes in inventories and construction contracts		561	(468)
Changes in deferred costs		-	(1,830)
Changes in development property		(222)	(36,199)
Changes in trade, other payables and provision for warranty		(1,557)	(5,875)
Changes in advance billings		(11,724)	9,859
Cash flows used in operations		(18,100)	(16,575)
Interest income received		98	332
Finance costs paid		(5,844)	(4,199)
Income tax paid		(4,356)	(5,611)
Net cash used in operating activities		(28,202)	(26,053)
Cash flows from investing activities			
Financial assets through profit and loss		4	-
Deemed distribution to shareholders		-	(16,000)
Proceeds from disposal of plant and equipment		-	271
Proceeds from disposal of vehicle sub-division		-	350
Additions to property, plant and equipment		(37)	(134)
(Acquisition)/Disposal of subsidiaries, net of cash		(11,000)	7,526
Net cash used in investing activities		(11,033)	(7,987)
Cash flows from financing activities			
Proceeds from borrowings from lenders		61,921	-
Advance from former immediate holding company (non-trade)		1,600	3,420
Movement in fixed deposits pledged with banks		49	4,586
Proceeds from conditional placement of shares		-	8,521
Repayment of finance lease liabilities		(58)	(92)
Net (repayments of)/proceeds from bank borrowings		(61)	13,790
Repayment to former immediate holding company (non-trade)		(9,600)	-
Repayment of loan from non-controlling interest		(15,205)	-
Net cash generated from financing activities		38,646	30,225
Net decrease in cash and cash equivalents		(589)	(3,815)
Effect of currency translation on cash and cash equivalents		(27)	(10)
Cash and cash equivalents at beginning of financial year/period		170	3,995
Cash and cash equivalents at end of financial year/period	10	(446)	170

Note 10 Cash and cash equivalent for cash flow

Note	The Group	
	12M2019	18M2017
	S\$'000	S\$'000
1		(Restated)
Cash and cash equivalents comprises:		
Cash and bank balances	1,965	2,015
Less: Bank overdraft	(2,411)	(1,845)
Cash and cash equivalents	(446)	170

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 year ended 30 June 2019

Note	Attributable to equity holders of the Company						Non-controlling interest	Total equity
	Share capital	Retained earnings/ (Accumulated losses)	Other reserves	Foreign currency translation reserve	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
The Group								
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	-	(4,003)	-	(4,003)	(3,846)	(7,849)	
Balance as at 1 July 2018, restated	1	47,801	1,786	(30,971)	92	18,708	44,267	
Net loss for the financial year		-	(22,023)	-	(22,023)	(203)	(22,226)	
Other comprehensive income for the financial year, net of tax:								
Currency translation differences arising from consolidation		-	-	(843)	(843)	(204)	(1,047)	
Total comprehensive income for the financial year		-	(22,023)	-	(22,866)	(407)	(23,273)	
Acquisition on investment in a subsidiary from non-controlling interest	11	-	14,152	-	14,152	(25,152)	(11,000)	
Total transactions with owners of the Company	11	-	14,152	-	14,152	(25,152)	(11,000)	
Transfer of other reserve to accumulated losses		-	(34,000)	34,000	-	-	-	
Balance as at 30 June 2019		47,801	(40,085)	3,029	(751)	9,994	9,994	
Balance as at 1 January 2017		17,738	(2,269)	3,029	(493)	12,397	30,402	
Effect of adoption of IFRSIC Conclusion	1	-	(2,848)	-	(2,848)	(2,736)	(5,584)	
Balance as at 1 January 2017, restated	1	17,738	(5,117)	3,029	(493)	9,661	24,818	
Net profit for the financial period		-	7,277	-	7,277	15,471	22,748	
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from consolidation		-	-	546	546	427	973	
Total comprehensive income for the financial period		-	7,277	-	7,823	15,898	23,721	
Issue of shares		15,021	-	-	15,021	-	15,021	
Changes in ownership interest in subsidiaries:								
Acquisition of subsidiaries arising from reverse acquisition		15,042	-	(34,000)	(3)	(3,412)	(22,373)	
Disposal of subsidiaries		-	(374)	-	42	3,412	3,080	
Total transactions with owners of the Company		30,063	(374)	(34,000)	39	(4,272)	(4,272)	
Balance as at 30 June 2018, restated	1	47,801	1,786	(30,971)	92	18,708	44,267	

Note 11 During 12M2019, the Company acquired the other 49% equity interest in its 51% owned subsidiary, TPG, from the non-controlling interest for a cash consideration of S\$11 million.

Statement of Changes in Equity
For the financial year ended 30 June 2019

The Company

Balance as at 1 July 2018

Note	Share capital	Treasury shares	Accumulated losses	Share options reserve	Other reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	197,055	(513)	(35,546)	42	(1,470)	159,568
	-	-	(4,414)	-	-	(4,414)
	-	-	(4,414)	-	-	(4,414)
	-	-	(1,470)	-	1,470	-
12	-	-	42	(42)	-	-
	197,055	(513)	(41,388)	-	-	155,154

Balance as at 30 June 2019

Balance as at 1 January 2017

	48,196	(513)	(33,828)	71	(1,470)	12,456
	-	-	(1,747)	-	-	(1,747)
	-	-	(1,747)	-	-	(1,747)
	148,859	-	-	-	-	148,859
	-	-	29	(29)	-	-
	148,859	-	29	(29)	-	148,859
	197,055	(513)	(35,546)	42	(1,470)	159,568

Balance as at 30 June 2018

Note 12 On 2 March 2019, 72,000 share options have lapsed, accordingly the share options reserve was transferred to accumulated losses.

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 Jun 2019		As at 30 Jun 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 financial period reported on.

As at 30 June 2019, the Company had no outstanding instruments convertible into shares of the Company. As at 30 June 2018, the Company had 72,000 share options outstanding, convertible into 72,000 shares of the Company, which lapsed on 2 March 2019.

As at 30 June 2019 and 30 June 2018, there are no subsidiary holdings in the Company.

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.

	As at 30 Jun 2019	As at 30 Jun 2018
Total number of issued shares	502,336,278	502,336,278
Total number of treasury shares	2,675,400	2,675,400
Total number of issued shares excluding treasury shares	499,660,878	499,660,878
% of treasury shares over total number of issued shares	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 June 2019, the Company held 2,675,400 (30 June 2018: 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 year 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.

Except as disclosed in item 5 below, the accounting policies and methods of computation applied by the Group to the financial statements for the current reporting period are consistent with those applied to the Group's audited financial statements for the financial period 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 IFRS as issued by the IASB. The new framework is referred to as SFRS(I).

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

Adoption of SFRS(I) 1-23 Borrowing Costs

Please refer to item B on page 1 of this announcement.

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.

	<u>Note</u>	<u>12M2019</u>	<u>18M2017</u>
	1		(Restated)
Loss for the financial year/period from continuing operations (S\$)		(21,504,000)	10,259,000
Weighted average number of ordinary shares		499,660,878	490,487,935
Basic and diluted Earning Per Share ("EPS") from continuing operations (Singapore cents)		(4.30)	2.09
Loss for the financial year/period from discontinued operations (S\$)		(519,000)	(2,982,000)
Weighted average number of ordinary shares		499,660,878	490,487,935
Basic and diluted Earning Per Share ("EPS") from discontinued operations (Singapore cents)		(0.10)	(0.61)

The basic and diluted EPS for the respective financial year/period 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 year/period.

For 12M2019, the basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue.

For 18M2017, 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 June 2018. Hence, these share options were anti-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.

	Note	The Group		The Company	
		30-Jun-19	30-Jun-18 (Restated)	30-Jun-19	30-Jun-18
	1				
Net assets		9,994,000	18,708,000	155,154,000	159,568,000
Number of issued shares		499,660,878	499,660,878	499,660,878	499,660,878
Net asset per share (Singapore cents)		2.00	3.74	31.05	31.94

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 - 12M2019 vs 18M2017

Revenue and cost of sales

The Group's revenue for 12M2019 decreased by S\$117.15 million from S\$121.43 million to S\$4.28 million. This was primarily due to (i) decreased sales in PCR due to continued poor market sentiments in the residential market in Iskandar Malaysia, and (ii) reclassification of S\$2.48 million sales relating to the Aluminium division (which is currently under liquidation) to discontinued operations.

In line with the decrease in revenue, the Group's cost of sales decreased by S\$59.94 million from S\$63.05 million to S\$3.11 million in 12M2019. Gross profit decreased by S\$57.20 million from S\$58.37 million to S\$1.17 million in 12M2019. This was attributable to (i) decrease in the number of units sold, lower average selling prices and sales incentives for PCR, and (ii) reclassification of S\$1.89 million cost of sales relating to the Aluminium division to discontinued operations.

Other operating income

Other operating income decreased by S\$3.01 million from S\$3.91 million to S\$0.90 million in 12M2019. This reduction was largely attributable to non-recurring transactions in 18M2017 which included S\$1.07 million reversal of provision for warranty, S\$1.22 million gain on acquisition of subsidiaries pertaining to the Reverse-Take-Over in February 2017 and absence of S\$0.79 million of rental income from the Aluminium division. Disregarding such non-recurring income, the other operating income for 18M2017 amounted to \$0.83 million which is not significantly different from that in 12M2019.

Marketing and distribution expenses

Marketing and distribution expenses decreased by S\$6.35 million from S\$6.50 million to S\$0.15 million in 12M2019 as part of the Group's cost control measures in view of the poor market sentiments for sales of residential projects in Iskandar Malaysia.

Operating and administrative expenses

Operating and administrative expenses decreased by S\$2.41 million from S\$12.52 million to S\$10.11 million in 12M2019 due to the fact the financial period for 18M2017 included an additional 6 months of expenses as compared to 12M2019. However, this reduction was partly offset by S\$1.21 million increase in legal and professional fees incurred in the Loan Facility obtained in 12M2019.

Others

Other expenses increased by S\$4.02 million from S\$0.07 million to S\$4.09 million in 12M2019. The increase is largely due to penalties imposed by the Malaysian Tax Authority amounting to \$3.11 million (please refer to Note 2 on page 3 of this announcement) and a S\$0.93 million write down on development property.

Finance costs

Finance costs increased by S\$6.12 million from S\$4.27 million to S\$10.39 million in 12M2019 due largely to additional financing cost incurred in relation to the Loan Facility.

Net loss from discontinued operations

During 12M2019, net loss of S\$0.52 million from discontinued operations relates to discontinuance of the Aluminium business (in liquidation). During 18M2017, the net loss of S\$2.98 million pertains to the discontinuance of the Vehicle business (the disposal was completed in May 2017).

Net (loss)/profit for the financial year/period

The Group recorded a net loss after tax of S\$22.23 million in 12M2019 compared with a net profit after tax of S\$22.75 million in 18M2017. This is largely attributable to the significantly lower revenue in PCR, increased finance cost, tax penalties incurred, legal and professional fees relating to the Loan Facility and write down of development property as explained in the preceding sections.

Review of Statement of Financial Position

Company

Investment in subsidiaries

Company's investment in subsidiaries reduced by S\$1.81 million from S\$169.65 million as at 30 June 2018 to S\$167.84 million as at 30 June 2019. This reduction was solely attributable to the write off of the carrying value of the investment in subsidiaries relating to the Aluminium business which have been placed under liquidation.

Current assets

Other receivables and other current assets reduced from S\$2.24 million as at 30 June 2018 to S\$0.24 million as at 30 June 2019 due to collection received from subsidiaries and write off of S\$0.64 million of receivables from subsidiaries relating to the Aluminium business which have been placed under liquidation.

Group

Current assets

The current assets of the Group decreased by S\$17.52 million from S\$191.25 million as at 30 June 2018 to S\$173.73 million as at 30 June 2019. This decrease was due largely to S\$24.69 million decrease in trade receivables as a result of routine collection and due to lower revenue recorded in 12M2019. This was partially offset by (i) S\$6.58 million increase in other receivables due from associate and joint venture and (ii) S\$2.54 million increase in restricted cash in relation to DSRA of the Loan Facility.

Current liabilities

The Group's current liabilities decreased by S\$55.33 million from S\$103.90 million as at 30 June 2018 to S\$48.57 million as at 30 June 2019. This decrease is due largely to (i) S\$21.50 million decrease in Facility A as it was restructured and the bulk of the loan was reclassified to non-current liabilities, (ii) S\$14.19 million reduction in trade payables due to routine payment upon the completion of Tower 1 & 2, SOHO and retail units at PCR and (iii) S\$8.00 million net repayment to a company controlled by a substantial shareholder of the Company via proceeds from the Loan Facility and (iv) S\$2.49 million net of routine payment and additional income tax liabilities.

Non-current liabilities

The Group's non-current liabilities increased by S\$71.96 million from S\$43.27 million as at 30 June 2018 to S\$115.23 million as at 30 June 2019. This increase was largely due to (i) S\$21.50 million increase due to the reclassification of Facility A as explained under current liabilities and (ii) S\$65.85 million of drawdown from Loan Facility including accrued finance cost. These increases amounting to S\$87.35 million was partially offset by the repayment of S\$15.21 million to non-controlling interests via proceeds from the Loan Facility.

Review of Cash Flow Statement – 12M2019

Net cash used in operating activities amounted to S\$28.20 million where S\$18.10 million of cash flow used by operations was largely attributable to the losses before tax incurred by the Group. Coupled with the payment of finance costs amounting to S\$5.84 million and income tax paid amounting to S\$4.36 million, resulting in the total cash used in operating activities amounted to S\$28.20 million.

The Group's net cash used in investing activities amounted to S\$11.03 million of which S\$11.00 million was used for the acquisition of 49% equity interest in TPG as explained in Note 11 on page 10 of this announcement.

The Group's net cash generated from financing activities amounted to S\$38.65 million where this was largely due to S\$61.92 million drawdown from the Loan Facility and partially offset by the S\$15.21 million loan repayment to non-controlling interest as explained above and S\$8.00 million net loan repayment to a company controlled by a substantial shareholder of the Company.

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 1 August 2019 and the results for 12M2019 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 outlook for residential property market continues to deteriorate in Iskandar Puteri, Malaysia and Bangkok, Thailand with larger supply of unsold inventory flooding the market as construction is completed on projects which were previously under various phases of construction. Central banks in Malaysia and Thailand continue to adopt a tight rein on new bank mortgage loans to buyers, which further restrict ability of purchasers to commit to making purchases. Property developers have begun to reduce sales prices more aggressively in an attempt to sell their unsold inventory. The Group continues to persist with its marketing and promotion efforts via a network of sales agents in select Asian cities to sell its two property projects to both end users and investor groups.

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 year ended 30 June 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.

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 currently operates in a single segment, i.e. property development. Hence no segmental financial results is presented.

Geographical segment

Geographically, the Group manages and monitors the business in two primary geographic areas being Singapore and Malaysia.

Sales are based on the country in which the subsidiary operates. Non-current assets is shown by the geographical area in which the assets is located.

<u>The Group</u>	Note	Revenue		Non-current assets	
		12M2019	18M2017	30-Jun-19	30-Jun-18
		\$'000	\$'000	\$'000	\$'000
	1		(Restated)		(Restated)
Singapore		-	4,009	42	168
Malaysia		4,276	117,417	10	20
Total		4,276	121,426	52	188

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.

	Note	The Group		Changes %
		12M2019 S\$'000	18M2017 S\$'000 (Restated)	
Sales reported for first half year	1	9,450	32,915	71.3%
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year		<u>(3,980)</u>	<u>5,114</u>	N.M
Sales reported for second half year	13	(5,174)	50,998	N.M
Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year		<u>(19,293)</u>	<u>14,523</u>	N.M
Sales reported for third half year		N.A.	37,513	N.A.
Operating (loss)/profit after tax before deducting non-controlling interests reported for third half year		<u>N.A.</u>	<u>4,084</u>	N.A.

Note 13 The sales reported in second half of 12M2019 is negative S\$5.17 million due to S\$6.37 million revenue recognized in second half 12M2019 offset against adjustments of (i) S\$7.17 million reversal of sales which were recognised in quarter 2 and quarter 3 (Please see announcement dated 28 August 2019 for further explanation on sales reversal in quarter 2 and 3 of 12M2019), (ii) S\$1.30 million sales recorded in prior years which were reversed in second half of 12M2019, (iii) S\$2.48 million of sales relating to the Aluminum segment that was reclassified to discontinued operations and (iv) S\$0.59 million of other year-end adjustments against revenue.

Accordingly, the sales reported for first half of 12M2019 of S\$9.45 million and sales reported for second half of 12M2019 of negative S\$5.17 million would result in S\$4.28 million for 12M2019 as stated in the consolidated statement of comprehensive income.

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

Nil.

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. No such person.

19. Confirmation pursuant to Rule 720(1) of the Catalyst 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
29 August 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.

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