PACIFIC STAR
DEVELOPMENT LIMITED

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Unaudited Financial Statements And Dividend Announcement For The Financial Year Ended 30 June 2020 For Pacific Star Development Limited (the "Company" and together with its subsidiaries, the "Group")

1. The Company is required to continue to do Quarterly Reporting ("**QR**") in view of the modified opinion issued by our auditors in the Company's latest annual report for the financial year ended 30 June 2019. This QR announcement is mandatory, made pursuant to the Exchange's requirements as required under Listing Rule 705(2C) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

2. For the purposes of this results announcement:

- The current financial year being reported on relating to the financial year from 1 July 2019 to 30 June 2020, shall be referred to herein as "**FY2020**".

- The corresponding financial year from 1 July 2018 to 30 June 2019 shall be referred to herein as "**FY2019**".

- All numbers are in Singapore Dollar ($) unless otherwise stated.

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 2020**	**Note**	**The Group** **Financial year ended 30 June 2020**	 **Financial year ended 30 June 2019**	**Changes**
		$'000	**$'000**	**%**
Revenue		5,712	4,519	26
Cost of sales		(4,890)	(2,912)	68
Gross profit		**822**	**1,607**	(49)
Other operating income		4,332	901	381
Expenses:				
Marketing and distribution		(124)	(145)	(14)
Operating and administrative		(6,332)	(8,487)	(25)
Other	**1**	(1,177)	(4,090)	(71)
Finance costs	**3**	(20,309)	(11,712)	73
Share of results of joint venture	**4**	(15,692)	(482)	N.M.
Share of results of associate	**4**	(3,775)	(427)	N.M.
Loss before tax from continuing operations		**(42,255)**	**(22,835)**	85
Income tax expense		(37)	(1,865)	(98)
Net loss after tax from continuing operations		**(42,292)**	**(24,700)**	71
Net loss from discontinued operations		-	(519)	(100)
Net loss for the financial year		**(42,292)**	**(25,219)**	68
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from				
- joint venture		(186)	2,675	N.M.
- associate		71	(614)	N.M.
- consolidation		(73)	(1,345)	(95)
		(188)	716	N.M.
Total comprehensive loss for the financial year		**(42,480)**	**(24,503)**	73
Net loss for the financial year attributable to:				
Owners of the Company				
Loss from continuing operations, net of tax		(42,292)	(24,497)	73
Loss from discontinued operations,net of tax		-	(519)	(100)
Loss for the financial year attributable to owners of the Company		**(42,292)**	**(25,016)**	69
Non-controlling interests				
Loss from continuing operations, net of tax/Loss for the financial year attributable to non-controlling interest		-	(203)	(100)
Total comprehensive loss for the financial year attributable to:				
Owners of the Company		(42,480)	(24,096)	76
Non-Controlling interest		-	(407)	(100)
		(42,480)	**(24,503)**	73
Total comprehensive loss for the financial year attriubutable to owners of the Company				
Total comprehensive loss from continuing operations, net of tax		(42,480)	(23,577)	80
Total comprehensive loss from discountinued operations, net of tax		-	(519)	(100)
		(42,480)	**(24,096)**	76

N.M. Not Meaningful

Note 1 Other expenses

	Note	The Group Financial year ended 30 June 2020 $'000	Financial year ended 30 June 2019 $'000
Penalties relating to GST clawback	**2**	451	-
Adjudication costs and related expenses		404	-
GST written off		225	-
Expenses relating to Aluminium Division, currently under liquidation		63	-
Bad debts written off - non-trade		19	49
Impairment loss on trade receivables		9	-
Write off deposits and prepayment		6	-
Penalties imposed by Malaysian tax authority		-	3,110
Write-down of development property		-	931
		1,177	4,090

Note 2 Subsequent to FY2020, pursuant to a GST field audit conducted by the Malaysia Customs (the "**Customs**") on the Company's wholly-owned subsidiary, Pearl Discovery Development Sdn Bhd ("**PDD**"), PDD was advised by the Customs that it had over-claimed GST recoverable. Though the official notice has not been issued by the Customs, after consultation with a professional firm, PDD has assessed and concluded that there is such exposure and accordingly accrued for the RM3.43 million of GST repayable to the Customs as well as the associated penalties of RM1.37 million. PDD is currently seeking the Customs to waive/reduce the penalties. Accordingly, RM3.43 million of the over-claimed GST (approximately $1.12 million) was capitalised into PDD's development property while RM1.37 million (approximately $0.45 million) of penalties were charged to income statement.

Note 3 Finance costs

Certain reclassifications relating to the amortisation of transaction fees relating to loans were made to the FY2019 audited figures to conform to current year presentation.

Note 4 Share of results of joint venture and associate

As announced on 3 February 2020, the main contractor for the Group's development project in Bangkok, Thailand (known as The Posh Twelve ("**P12**")), which is held through the Group's joint venture and associate, had issued a notice of stoppage of work due to dispute in respect of payments and construction progress. As a result of such stoppage of work, P12 experienced cancellation of Sale & Purchase Agreements ("**SPAs**") by its buyers.

On 23 June 2020, the Company announced that pursuant to the strategic review, Minaret Holdings Limited ("**Minaret**"), the Group's joint venture company, has initiated bankruptcy proceedings against Kanokkorn Pattana Co., Ltd. ("**KNK**"), the developer of P12, by recalling the loans made by Minaret to KNK (the "**KNK Bankruptcy**").

The significant increase in the share of losses of joint venture and associate in FY2020 when compared to FY2019 was largely attributable to, amongst others, the accrued fines payable to buyers who elected to accept extension of handover date and penalties payable to the buyers (where applicable) that have cancelled their SPAs, default penalties, interest and claims by contractors.

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

	Note	The Group Financial year ended 30 June 2020 $'000	 Financial year ended 30 June 2019 $'000
Loss before tax from continuing operations has been arrived at after charging/(crediting):			
Finance costs	**3**	20,309	11,712
Penalties relating to GST clawback	**2**	451	-
Depreciation of right-of-use assets		254	-
GST written off		225	-
Foreign exchange net loss		140	871
Depreciation of property, plant and equipment		26	113
Bad debts written off - non-trade		19	49
Impairment loss on trade receivables		9	-
Write off deposits and prepayment		6	-
Write-down of development property		-	931
Deemed waiver of loans from a related party	**5**	(2,220)	-
Interest income		(1,316)	(377)
Forfeiture income		(627)	(418)
Write back of amount due to third parties		(60)	-

Note 5 On 1 April 2020, the Company announced that the Company's wholly-owned subsidiary, PSD Singapore Pte. Ltd. ("**PSDS**"), had submitted a draw down notice to draw down a sum of $2,220,562.50 (the "**Sum**") from a related party, PSD Holdings Pte. Ltd. ("**PSDH**"), and for such funds to be disbursed by PSDH to PSDS on or before the close of business on 1 April 2020. This draw down represented the then full remaining undrawn amount under the PSDH Loan Facility.

As at close of business on 1 April 2020, PSDH did not disburse the Sum to PSDS. Pursuant to the loan agreement between PSDH and PSDS, PSDH was deemed to have waived its right to receive an amount equal to the Sum out of the amounts owing to PSDH under the PSDH Loan Facility by PSDS as a result of such non-disbursement of funds.

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		**The Group**		**The Company**	
As at 30 June 2020	**Note**	**30-Jun-20**	**30-Jun-19**	**30-Jun-20**	**30-Jun-19**
		$'000	**$'000**	**$'000**	**$'000**
Non-current assets					
Investment in subsidiaries		-	-	49,198	49,198
Right-of-use assets		424	-	-	-
Property, plant and equipment		69	52	-	-
Total non-current assets		493	52	49,198	49,198
Current assets					
Development property	**6**	139,761	136,163	-	-
Deferred costs		422	-	-	-
Trade receivables		5,892	13,652	-	-
Other receivables and other current assets	**7**	841	20,595	3,254	241
Fixed deposits pledged		-	103	-	103
Cash at bank		3,320	1,965	104	5
Restricted cash	**8**	1,748	2,544	-	-
Total current assets		151,984	175,022	3,358	349
Total assets		**152,477**	**175,074**	**52,556**	**49,547**
Non-current liabilities					
Loans and borrowings		33,360	113,669	-	-
Lease liabilities		205	-	-	-
Trade payables		249	-	-	-
Other payables	**9**	60	1,557	-	-
Total non-current liabilities		33,874	115,226	-	-
Current liabilities					
Loans and borrowings		103,919	4,093	-	-
Lease liabilities		248	-	-	-
Trade payables		11,627	7,843	-	-
Other payables	**9**	25,451	24,172	17,612	13,033
Deferred income		114	-	76	-
Joint venture	**10**	-	1,353	-	-
Associate	**10**	-	2,174	-	-
Current tax liabilities		10,390	10,879	-	-
Total current liabilities		151,749	50,514	17,688	13,033
Total liabilities		**185,623**	**165,740**	**17,688**	**13,033**
Net (liabilities)/assets		**(33,146)**	**9,334**	**34,868**	**36,514**
Capital and reserves attributable to owners of the Company					
Share capital		47,801	47,801	197,055	197,055
Treasury shares		-	-	(513)	(513)
Accumulated losses		(81,771)	(39,479)	(161,674)	(160,028)
Other reserves		824	1,012	-	-
(Capital deficieny)/Equity attributable to owners of the Company and total equity		**(33,146)**	**9,334**	**34,868**	**36,514**

Note 6 Development property

The development property pertains to the Group's development project (known as Puteri Cove Residences and Quayside ("**PCR**")) located in Iskandar Puteri, Malaysia, which is developed by PDD. The Group is performing an independent valuation of PCR and subjected to the issuance of the valuation report, impairment in development property may arise.

Note 7 Other receivables and other current assets

		The Group		The Company	
	Note	**30-Jun-20**	**30-Jun-19**	**30-Jun-20**	**30-Jun-19**
		$'000	**$'000**	**$'000**	**$'000**
Net GST receivables		348	612	1	39
Deposits		217	405	7	169
Job Support Scheme receivables		42	-	33	-
Sundry debtors		21	48	6	-
Due from joint venture	**10**	-	13,852	-	-
Due from associate	**10**	-	5,396	-	-
Due from subsidiares		-	-	3,174	-
		628	20,313	3,221	208
Other prepayments		213	60	33	33
Prepaid interest		-	222	-	-
		841	20,595	3,254	241

Note 8 Restricted cash

As at 30 June 2020, the restricted cash pertained to the Debt Service Reserve Account ("**DSRA**") placement in relation to a bank facility provided to a subsidiary (Facility A as described under "Details of any collateral" on page 8 of this announcement). As at 30 June 2019, the restricted cash pertained to the DSRA under escrow in relation to the $70 million loan facility from a group of third parties (the "**Loan Facility**") and was dedicated for cash interest servicing of the Loan Facility, which was fully utilised for the servicing of the Loan Facility's interest as at 30 June 2020.

Note 9 Other Payables

	The Group		The Company	
	30-Jun-20	**30-Jun-19**	**30-Jun-20**	**30-Jun-19**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Other payables	60	68	-	-
Penalties payable	-	1,489	-	-
	60	1,557	-	-
Current				
Due to a related party	9,370	11,521	3,651	3,651
Accruals	6,373	5,785	260	359
Penalties payable	3,055	1,571	-	-
PCR Resident Committee	1,883	760	-	-
Other payables	1,820	2,886	-	-
Accrual for GST clawback and penalties	1,564	-	-	-
Sundry creditors	590	230	56	185
Due to liquidator of subsidiaries	410	410	410	410
PCR deposits received	385	1,009	-	-
Due to associate	1	-	-	-
Due to subsidaries	-	-	13,235	8,428
	25,451	24,172	17,612	13,033

Due to a related party

As at 30 June 2019, the amount pertained to advances from PSDH, a company controlled by a related party, being a controlling shareholder of the Company. These advances were interest-free with effect from 1 July 2018, subordinated to the Loan Facility and repayable on demand.

As at 30 June 2020, due to the bankruptcy of that related party, the related party is deemed to have lost control over the shares of the Company which are now vested in the Trustee of the related party's bankrupt estate ("**Trustee**").

As at 30 June 2020, amount due to a related party pertained to advances from PSDH (the control of which is now vested in the Trustee). The balance consists $5.80 million of interest-free loans (with effect from 1 July 2018), $3.50 million of loans bearing 5% interest per annum (with effect from 6 February 2020) and accrued interest amounting to $69,809. These advances are subordinated to the Loan Facility and repayable on demand.

The reduction of $2.15 million was attributable to the deemed waiver of loan of $2.22 million as explained in Note 5 of this announcement, which was partially offset by an accrued interest of $69,809 during FY2020.

Penalties payable

Penalties payable pertains to the $3.06 million of penalties imposed by Malaysian Tax Authority for late payment and under-estimated chargeable income subjected to corporate income tax in prior years. As at 30 June 2019, $1.49 million of the amount was classified as non-current liabilities in accordance with the scheme of repayment agreed with the Malaysian Tax Authority.

The reduction of $5,000 was due to movement in foreign currency exchange rates used to translate the Malaysia Ringgit denominated balance.

PCR Resident Committee

PCR Resident Committee refers to the amount collected on behalf of the PCR Resident Committee as well as maintenance and sinking funds and late interest payment for unsold PCR units.

Accrual for GST clawback and penalties

This accrual pertained to RM3.43 million of GST repayable to the Customs as well as the associated penalties of RM1.37 million. Please see Note 2 of this announcement for further details.

Due to liquidator of subsidiaries

Due to liquidator of subsidiaries (companies of the Group's former Aluminum Division) pertained 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.

PCR deposits received

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

Note 10 Joint venture and Associate

The purpose of investments in joint venture and associate was to hold KNK, the developer of the P12 project.

Joint venture pertains to the Group's 51% equity interest in Minaret held by a wholly-owned subsidiary of the Company. As Minaret 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.

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.

As at 30 June 2019, the balances for investments in associate and joint venture were shown as credit balances, which represented the Group's cumulative share of losses from associate and joint venture net of the Group's cost of investments in associate and joint venture respectively. The basis of such presentation was that the Group has constructive obligations (not legal obligations) to continue funding the P12 project through the associate and joint venture.

Subsequent to the KNK Bankruptcy (see Note 4 of this announcement), such constructive obligations ceased. Accordingly, the other receivables from joint venture and associate (previously shown under "other receivables and other current assets"), were reclassified to the Group's cumulative share of losses net of the Group's cost of investments on joint venture and associate respectively, so that the presentation of the financial numbers are align to the fact that the Group does not have any legal obligations (via corporate guarantee or contractual obligations) to fund the capital deficiencies of its investment in joint venture and associate.

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

The Group	30-Jun-20		30-Jun-19	
	$'000 Secured	$'000 Unsecured	$'000 Secured	$'000 Unsecured
Repayable in one year or less, or on demand	103,919	-	4,093	-
Repayable, after one year	33,360	-	113,669	-

Details of any collateral

As at 30 June 2020, the Group's total borrowings comprise (i) $86.55 million under the Loan Facility (repayable within one (1) year) and (ii) $50.73 million of bank loan (the "**Facility A**"), of which $14.96 million of bank loans and bank overdraft of $2.41 million are repayable within one (1) year and $33.36 million are repayable after one (1) year.

The Loan Facility, due on 28 December 2020, is secured by the following:

(i) assignment of intra-company loans owed to the Group for the purposes of PCR and P12;

(ii) assignment of development management agreements relating to PCR and P12;

(iii) corporate guarantees by and debentures over the Company, and its wholly-owned subsidiary, PSDS, and debentures over the wholly-owned subsidiaries of PSDS, namely, Twin Prosperity Group Ltd. ("**TPG**") and Tropical Sunrise Development Inc. ("**TSD**"); and

(iv) share charges over shares of the Company's subsidiary, PSDS, and wholly-owned subsidiaries of PSDS, namely, TPG, TSD, PDD, and the Group's joint venture (Minaret) and the Group's associate (PSDT).

Facility A's principal repayments are to be made monthly in arrears with effect from January 2021. It is secured by the following:

(i) legal mortgage on the Group's PCR;

(ii) all-monies debenture and power of attorney over the assets and properties of the Company's wholly-owned subsidiary, PDD;

(iii) assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of PCR (including assignment of the PDD project account); and

(iv) corporate guarantee from PSDS, a wholly-owned subsidiary of the Company.

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 2020**	**Note**	**The Group** **Financial year ended 30 June 2020**	 **Financial year ended 30 June 2019**
		$'000	**$'000**
Cash flows from operating activities			
Loss before income tax from continuing operations		(42,255)	(22,835)
Loss before income tax from discontinued operations		-	(519)
Loss before tax		(42,255)	(23,354)
Adjustments for:			
Finance costs		20,309	11,712
Share of results of joint venture		15,692	482
Share of results of associate		3,775	427
Accrual for penalties relating to GST clawback		451	-
Depreciation of right-of-use assets		254	-
GST written off		225	-
Depreciation of property, plant and equipment		26	113
Bad debts written off - non-trade		19	49
Impairment loss on trade receivables		9	-
Deposits and prepayment written off		6	-
Deemed waiver of loans from a related party		(2,220)	-
Interest income		(1,316)	(377)
Forfeiture income		(627)	(418)
Write back of payables to third parties		(60)	-
Others		(4)	-
Accural for penalties payable to Malaysian Tax Authority		-	3,060
Write-down of development property		-	931
Loss on liquidation of subsidiaries		-	519
Operating cash flow before working capital changes		(5,716)	(6,856)
Movement in working capital:			
Changes in development property		(3,008)	(13,427)
Changes in deferred costs		(96)	-
Changes in trade, other receivables and other current assets		5,731	14,630
Changes in trade, other payables and provision for warranty		270	4,678
Changes in deferred income		70	-
Changes in advance billings		-	(10,344)
Effects of currency translation on working capital		216	(2,971)
Cash flows used in operations		(2,533)	(14,290)
Interest income received		180	98
Finance costs paid		(4,431)	(9,180)
Income tax paid		(493)	(4,356)
Net cash used in operating activities		**(7,277)**	**(27,728)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(43)	(64)
Net cash used in investing activities		**(43)**	**(64)**
Cash flows from financing activities			
Proceeds from loans from a group of third parties		8,079	61,921
Net proceeds from bank loan		2,496	1,695
Movement in fixed deposits pledged with banks		103	398
Movement in restricted cash		(1,764)	(2,544)
Repayment of lease liabilities		(249)	(58)
Advances from a related party		-	1,600
Repayment of loan from non-controlling interest		-	(15,205)
Acquisition of subsidiaries, net of cash		-	(11,000)
Repayment to a related party		-	(9,600)
Deemed disposal of cash and cash equivalent		-	(4)
Net cash generated from financing activities		**8,665**	**27,203**
Net increase/(decrease) in cash and cash equivalents		**1,345**	**(589)**
Effect of currency translation on cash and cash equivalents		6	(27)
Cash and cash equivalents at beginning of financial year		(446)	170
Cash and cash equivalents at end of financial year	**11**	**905**	**(446)**

Note 11 Cash and cash equivalent for consolidated cash flow statement

	The Group	
	30-Jun-20	30-Jun-19
	$'000	$'000
Cash at bank	3,320	1,965
Fixed deposits pledged	-	103
	3,320	2,068
Less: Fixed deposits pledged	-	(103)
Add: Bank overdraft	(2,415)	(2,411)
Cash and cash equivalent	**905**	**(446)**

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 2020

		Attributable to owners of the Company						
	Note	Share capital	Retained earnings/ (Accumulated losses)	Other reserves	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
The Group		$'000	$'000	$'000	$'000	$'000	$'000	$'000
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	**12**	**-**	**(3,433)**	**-**	**-**	**(3,433)**	**(3,846)**	**(7,279)**
Balance as at 1 July 2018, restated		**47,801**	**2,356**	**(30,971)**	**92**	**19,278**	**25,559**	**44,837**
Net loss for the financial year		-	(25,016)	-	-	(25,016)	(203)	(25,219)
Other comprehensive income for the financial year, net of tax:								
Currency translation differences arising from:								
- joint venture		-	-	-	2,675	2,675	-	2,675
- associate		-	-	-	(614)	(614)	-	(614)
- consolidation		-	-	-	(1,141)	(1,141)	(204)	(1,345)
Total comprehensive loss for the financial year		-	(25,016)	-	920	(24,096)	(407)	(24,503)
Acquisition of investment in a subsidiary from non-controlling interest	13	-	14,152	-	-	14,152	(25,152)	(11,000)
Total transactions with owners of the Company	**13**	-	14,152	-	-	14,152	(25,152)	(11,000)
Transfer of other reserve to accumulated losses		-	(34,000)	34,000	-	-	-	-
Transfer of capital reserve to accumulated losses		-	3,029	(3,029)	-	-	-	-
Balance as at 30 June 2019		**47,801**	**(39,479)**	**-**	**1,012**	**9,334**	**-**	**9,334**
Balance as at 1 July 2019		**47,801**	**(39,479)**	**-**	**1,012**	**9,334**	-	**9,334**
Net loss for the financial year		-	(42,292)	-	-	(42,292)	-	(42,292)
Other comprehensive income for the financial year, net of tax:								
Currency translation differences arising from:								
- joint venture		-	-	-	(186)	(186)	-	(186)
- associate		-	-	-	71	71	-	71
- consolidation		-	-	-	(73)	(73)	-	(73)
Total comprehensive loss for the financial year		-	(42,292)	-	(188)	(42,480)	-	(42,480)
Balance as at 30 June 2020		**47,801**	**(81,771)**	**-**	**824**	**(33,146)**	**-**	**(33,146)**

Statement of Changes in Equity
For the financial year ended 30 June 2020

The Company	**Note**	**Share capital** $'000	**Treasury shares** $'000	**Accumulated losses** $'000	**Share options reserve** $'000	**Other reserves** $'000	**Total** $'000
Balance as at 1 July 2018		197,055	(513)	(35,546)	42	(1,470)	159,568
Net loss for the financial year, representing total comprehensive loss for the financial year	**14**	-	-	(123,054)	-	-	(123,054)
Contriutions by owners:							
Expiry of employee share options	**15**	-	-	42	(42)	-	-
Total transactions with owners in their capacity as owners of the Company		**-**	**-**	**42**	**(42)**	**-**	**-**
Transfer of other reserves to accumulated losses		-	-	(1,470)	-	1,470	-
Balance as at 30 June 2019		**197,055**	**(513)**	**(160,028)**	**-**	**-**	**36,514**
Balance as at 1 July 2019		197,055	(513)	(160,028)	**-**	**-**	36,514
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(1,646)	-	-	(1,646)
Balance as at 30 June 2020		**197,055**	**(513)**	**(161,674)**	**-**	**-**	**34,868**

Note 12 During FY2019, the Singapore Accounting Standards Council introduced a new Singapore financial reporting framework equivalent to the International Financial Reporting Standards (the "**IFRS**") as issued by the International Accounting Standards Board. The new framework is referred to as SFRS(I) hereinafter.

In March 2019, the IFRS Interpretations Committee (the "**IFRSIC**") issued an update on the decisions reached by the IFRSIC and concluded its views that borrowing costs relating to development properties that are ready for its intended sales (i.e. ready for launch) should not be capitalised and instead, be expensed when incurred (the "**IFRSIC Conclusion**"). Following the update of the agenda decision by IFRSIC, the Group has ceased capitalisation of the borrowing costs relating to its development property when the property is ready for its intended sales.

The effects of the IFRSIC Conclusion on the Group's results and financial positions for FY2019 and prior financial years were presented in Note 3.2 on pages 64 to 70 of 2019 Annual Report.

Note 13 During FY2019, the Company acquired the other 49% equity interest in its 51% owned subsidiary, TPG, from the non-controlling interest for a cash consideration of $11 million.

Note 14 The net loss for FY2019 included $120,449,000 of impairment loss of investment in subsidiaries which were eliminated on consolidation.

Note 15 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 June 2020		As at 31 March 2020	
	Number of ordinary shares	$'000	Number of ordinary shares	$'000
Issued and fully paid ordinary shares	502,336,278	197,055	502,336,278	197,055

There were no changes in the Company's share capital since the end of the previous financial period reported on.

As at 30 June 2020 and 30 June 2019, the Company had no outstanding instruments convertible into shares of the Company.

As at 30 June 2020 and 30 June 2019, there are no subsidiary holdings in the Company.

Please refer to 1(d)(iii) for details regarding treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30-Jun-20	30-Jun-19
Total number of issued shares	502,336,278	502,336,278
Less: 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 2020, the Company held 2,675,400 (30 June 2019: 2,675,400) treasury shares. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable in accordance to Paragraph 3A of Appendix 7C of the Catalist Rules, as the Group's auditors, Ernst & Young LLP, have issued a disclaimer opinion in relation to the use of the going concern assumption in the audited financial statements for FY2019.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable as explained above.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements for FY2019, except as stated in Section 5 of this announcement below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new accounting standards, amendment and interpretation to existing standards which is mandatory for accounting periods beginning on or after 1 January 2019. The adoption of the new accounting standards, amendment and interpretation of the existing standards did not have any material impact on the Group's results. In particular, the Group adopted the following accounting standard pertaining to leases:

Singapore Financial Reporting Standard (International) 16 – Leases ("SFRS(I) 16")

The Group has applied SFRS(I) 16 from the adoption date of 1 July 2019. SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard, however, allows for recognition exemption for leases of 'low value' and short-term leases. The Group applied the simplified transition approach for its financial year beginning 1 July 2019 and has not restated comparative amounts for the year prior to first adoption.

On adoption of SFRS(I) 16, the Group chooses to measure the right-of-use asset at an amount equal to the lease liabilities, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in its balance sheet as at 1 July 2019. The Group recognised $665,000 of right-of-use assets, $256,000 of lease liabilities (current) and $409,000 of lease liabilities (non-current) in its balance sheet as at 1 July 2019.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Financial year ended 30 June 2020	Financial year ended 30 June 2019
Loss for the financial year from continuing operations ($)	(42,292,000)	(24,497,000)
Weighted average number of ordinary shares	499,660,878	499,660,878
Basic and diluted Earning Per Share ("EPS") from continuing operations (Singapore cents)	**(8.46)**	**(4.90)**
Loss for the financial year from discontinued operations ($)	-	(519,000)
Weighted average number of ordinary shares	499,660,878	499,660,878
Basic and diluted Earning Per Share ("EPS") from discontinued operations (Singapore cents)	**-**	**(0.10)**

The basic and diluted EPS from continuing operations for the respective financial years are computed based on the loss attributable to the owners of the Company from continuing operations and the weighted average number of the Company’s ordinary shares in issue (excluding treasury shares) during the respective financial years.

The basic and diluted EPS from discontinued operations for FY2019 were computed based on the loss attributable to the owners of the Company from discontinued operations and the weighted average number of the Company’s ordinary shares in issue (excluding treasury shares) during FY2019.

For FY2020 and FY2019, the basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue.

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-20	**30-Jun-19**	**30-Jun-20**	**30-Jun-19**
Net (liabilities)/assets ($)	(33,146,000)	9,334,000	34,868,000	36,514,000
Number of issued shares	499,660,878	499,660,878	499,660,878	499,660,878
Net (liabilities)/assets per share (Singapore cents)	**(6.63)**	**1.87**	**6.98**	**7.31**

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Statement of Comprehensive Income

Revenue and cost of sales

The Group's revenue increased by $1.19 million from $4.52 million in FY2019 to $5.71 million in FY2020. This was primarily due to a reduction in the net average selling price for PCR units sold.

In line with the increase in revenue, the Group's cost of sales increased by $1.98 million from $2.91 million in FY2019 to $4.89 million in FY2020. Despite the increase in revenue, gross profit decreased by $0.79 million from $1.61 million in FY2019 to $0.82 million in FY2020. This was attributable to lower net average selling prices and increase in commission associated with the PCR units sold.

Other operating income

Other operating income increased by $3.43 million from $0.90 million in FY2019 to $4.33 million in FY2020. The $3.43 million increase was largely attributable to a $2.22 million of deemed waiver of loan from a related party, please see Note 5 of this announcement, a $0.21 million increase in forfeiture income relating to cancelled SPAs for the purchase of PCR units and a $0.94 million increase in interest income (largely due to accrual of interest on loans to joint venture).

Operating and administrative expenses

Operating and administrative expenses decreased by $2.16 million from $8.49 million in FY2019 to $6.33 million in FY2020. The reduction was largely attributable to $0.73 million reduction in foreign exchange losses, $0.58 million reduction in legal and professional costs, $0.38 million reduction in payroll related costs due to trimming of headcount and $0.29 million reduction in directors' remuneration.

Other expenses

The $2.91 million decrease in other expenses was largely due to absence of $3.11 million of penalties imposed by the Malaysia Tax Authority in FY2019 and a $0.93 million reduction in write down of development properties. These decreases amounting to $4.04 million was offset partially by a $0.45 million increase in penalties relating to the clawback of GST, $0.40 million increase of expenses relating to adjudication including costs, late payment interest and late charges, and $0.23 million of GST written off.

Finance costs

Finance costs increased by $8.60 million from $11.71 million in FY2019 to $20.31 million in FY2020. This was largely due to an $7.87 million increase of financing costs incurred in relation to the Loan Facility as a result of further draw down during FY2020 as well as the full year expenses for Loan Facility in FY2020 (the loan was only obtained in December 2018) and a $0.24 million increase in interest expense relating to Facility A due to further draw down during FY2020.

Share of results of joint venture and associate

Share of losses from joint venture and associate increased by $18.56 million from $0.91 million in FY2019 to $19.47 million in FY2020. The increase was largely attributable to the losses incurred by KNK, the property development company for P12. Please refer to Note 4 of this announcement for further details.

Net loss for the financial year

The Group recorded a net loss after tax of $42.29 million in FY2020 as compared with $25.22 million in FY2019. The $17.07 million increase in net loss was largely attributable to $18.56 million increase in share of losses of joint venture and associate, $8.60 million increase in finance costs, $0.79 million reduction in gross profit which totaled $27.95 million was partially offset by a $2.91 million decrease in other expenses, $3.43 million increase in other operating income, $2.16 million decrease in operating and administrative expenses, $1.83 million reduction in income tax expense as well as the absence of $0.52 million of loss from discontinued operations.

<u>Review of Statement of Financial Position</u>

<u>Net assets</u>

The company's net assets decreased by $1.65 million. This was attributable to the losses incurred by the Company.

The Company's net amount due to subsidiaries amounted to $10.06 million as at 30 June 2020 as compared to $8.43 million, this increase of $1.63 million was attributable to funds provided by subsidiaries to finance the Company's operations.

<u>Group</u>

<u>Current assets</u>

The current assets of the Group decreased by $23.04 million from $175.02 million as at 30 June 2019 to $151.98 million as at 30 June 2020. This decrease was due largely to $7.76 million decrease in trade receivables largely due to routine collection and a $19.75 million decrease in other receivables and other assets (due largely reduction in amount due from associate and joint venture as explained in Note 10 of this announcement), which was partially offset by $3.60 million increase in development property as construction of Tower 3 of PCR progressed, $0.42 million increased in deferred cost and $0.46 million increase in cash (including fixed deposited pledged, cash at bank and restricted cash).

<u>Non-current liabilities</u>

The Group's non-current liabilities decreased by $81.36 million from $115.23 million as at 30 June 2019 to $33.87 million as at 30 June 2020. This decrease was largely due to $80.31 million reclassification of the Loan Facility and Facility A to current liabilities in accordance with the contractual payment terms as well as $1.50 million reduction in other payables (largely due to the reclassification of penalties payable to current liabilities), which was offset partially by a $0.25 million increase in trade payables (retention sum) and $0.21 million increase in lease liabilities.

<u>Current liabilities</u>

The Group's current liabilities increased by $101.24 million from $50.51 million as at 30 June 2019 to $151.75 million as at 30 June 2020. This increase is due largely to $99.83 million increase in Facility A and the Loan Facility (reclassification from non-current liabilities and net of repayment made), $3.78 million increase in trade payables as PCR construction progresses, $1.28 million increase in other payables (largely due to the accrual of the GST clawback and associated penalties), $0.11 million increase in deferred income and $0.25 million increase in lease liabilities which were offset partially by a $3.53 million reduction of credit balances in investment in associate and joint venture (as explained in Note 10 of this announcement) and a $0.49 million reduction in income tax payables.

<u>Going concern and working capital position</u>

As at 30 June 2020, the Group's net liability position amounted to $33.15 million and the Company's net current liability position amounted to $14.33 million. In the assessment of going concern, the Board has considered the following factors:

(i) The Group is in various stages of discussions with various parties in relation to the En Bloc sale of Tower 3 in PCR as well as bulk sale of between 10 to 50 units in Tower 1 & 2 of PCR;

(ii) The Group is in discussions with the group of lenders, who provided the Loan Facility (the "**Lenders**"), for additional financing ("**Additional Financing**") and has received a draft term sheet. Discussions are on-going with the Lenders and lender of Facility A. The Additional Financing, if materialises, will enable the Group to meet its short-term obligations;

(iii) In relation to the Loan Facility, the Group has received a draft term sheet relating to amendments of existing contractual terms, including the extension of maturity of the Loan Facility (due in December 2020). The amendments to the contractual terms of the Loan Facility, the Additional Financing as well as the amendment to the contractual terms of Facility A are commercially viewed as a package deal ("**Package Deal**"). The significance of the Package Deal is that it will enable the Group to restructure a significant portion of its loans and borrowing from current to non-current, provide additional funding to the Group and enabling the Group to avoid the risks of contractual defaults and cross defaults;

(iv) The Board has reviewed the Group's cash flow projection for the next twelve (12) months (the "**Cash Flow Projection**");

(v) The Company's current liabilities of $17.69 million as at 30 June 2020, comprises mainly $3.65 million due to PSDH which is subordinated to the Loan Facility and $13.24 million due to subsidiaries. There is no indication that these payables will be recalled at the date of this announcement; and

(vi) The negative implications and sentiments caused by the current COVID-19 pandemic (please see section 10 on page 11 for further explanation).

The Board considered the above and concluded:

(a) Unless the COVID-19 pandemic is brought under control globally, the fruition of such discussions as presented in item (i) will likely be delayed. Despite the Group's best effort, the fruition of such measures as described in items (i) above is uncertain and not within the control of the Group;

(b) The sale of units in PCR to individual buyers has slowed down significantly and may continue to be so until the COVID-19 pandemic is brought under control globally;

(c) The progress of the commercial discussions on the Package Deal though encouraging has not been concluded; and

(d) Currently, there is no clear indication as to how long the COVID-19 pandemic will last, the extent of the damage to global economy and when various countries will lift travel restrictions.

Hence, the Board is of the view that, based on current circumstances, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligations in the next twelve (12) months as and when they fall due, and consequently, there is uncertainty as to their respective abilities to continue as a going concern for the next twelve (12) months.

The carrying value of the assets as recorded on the balance sheets of the Group and Company as at 30 June 2020 have been determined based on recovery in the normal course of business. In the event that the Group and/or the Company is/are unable to carry on as going concern(s), the financial statements will have to be presented on a realisation basis. In such event, the carrying values of assets and liabilities may be materially different from that which are currently recorded in the balance sheets and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets and additional liabilities may arise as a result of defaults and cross defaults (collectively referred to herein as the "**Adjustments**").

Presently due to the uncertainties involved, management is unable to quantify the Adjustments (if any required). Hence, no adjustments have been made to the balances presently in the balance sheets of the Group and Company on page 5 of this announcement to account for the Adjustments.

Despite the uncertainties in the Group's and the Company's going concern assumptions, the Group and the Company will continue work towards to fruition of items (i) to (iii) as stated on page 17 to 18 of this announcement.

The Company will update its shareholders when material development occurs with regard to the Package Deal.

Shareholders and potential investors are advised to exercise caution in dealing of shares in the Company. The Company will make further announcements as appropriate or when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

<u>Review of Cash Flow Statement</u>

Net cash used in operating activities amounted to $7.28 million where $2.53 million of cash flow used by operations was largely attributable to the losses before tax incurred by the Group, payment of finance costs amounting to $4.43 million and income tax paid amounting to $0.49 million, which were offset partially by a $0.18 million of interest income received, these resulted in the total cash used in operating activities amounted to $7.28 million.

The cash flow used in payment of finance costs in FY2020 was lower than FY2019 by $4.75 million. This was largely attributable to a $1.4 million capitalisation of interest due under the Loan Facility as well as the application of the $2.5 million from the DSRA (restricted cash) to settle the interest payment under the Loan Facility.

The Group’s net cash generated from financing activities amounted to $8.67 million which was largely due to $8.08 million draw down from the Loan Facility and $2.50 million of net draw down from Facility A, which was offset partially by a $1.76 million reduction in restricted cash and $0.24 million repayment of lease liabilities.

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 for the FY2020 was made in the Company’s results announcement for the third quarter ended 31 March 2020 dated 12 May 2020 and the results for FY2020 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 oversupply of unsold completed condominiums in Iskandar Puteri, Malaysia (“**Iskandar**”) continues to weigh down on buyers’ inclination to purchase. The demand and transactions for condominiums in Iskandar is being and will continue to be severely affected by the COVID-19 pandemic. The recent resurgence of COVID-19 pandemic in some Asian countries such as Hong Kong, Korea, China, Japan and Philippines reinforced the fact that the pandemic is not yet being effectively contained. This will likely result in the governments of regional countries adopting a very cautious approach in opening their borders to both inbound and outbound travelers.

PCR is reliant on international buyers, particularly from Asia. The inability of regional countries to effectively contain the COVID-19 pandemic will continue to curtail movement of foreigners into Malaysia. The negative economic sentiment in most countries in Asia and the possible tightening of the banks’ credit policy towards foreign properties buyers in Malaysia as a result of the COVID-19 pandemic are expected to negatively impact on the sale of PCR units in the next twelve (12) months.

The extent and duration of such negative impact on the Group’s performance will be dependent on when the COVID-19 pandemic can be contained on a global basis.

In addition, the outcome of the Package Deal discussed under “Going concern and working capital position” on page 18 of this announcement will have a material impact on the Group.

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 2020.

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.

	Revenue		**Non-current assets**	
The Group	**Financial year ended 30 June 2020**	**Financial year ended 30 June 2019**	**30-Jun-20**	**30-Jun-19**
	$'000	**$'000**	**$'000**	**$'000**
Malaysia	5,712	4,519	45	10
Singapore	-	-	448	42
Total	5,712	4,519	493	52

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.

	The Group		
	Financial year ended 30 June 2020	Financial year ended 30 June 2019	Changes
	S$'000	S$'000	%
Sales reported for first half year	2,122	4,776	(56)
Operating loss after tax before deducting non-controlling interests reported for first half year	(12,848)	(4,449)	189
Sales reported for second half year	3,590	(257)	N.M.
Operating loss after tax before deducting non-controlling interests reported for second half year	(29,444)	(20,770)	42

The revenue reported for second half of FY2019 was negative due to audit adjustments made.

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 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

Ying Wei Hsein
Executive Chairman
29 August 2020

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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