

**Third Quarter (“3Q2017”) and Nine Months (“9M2017”) Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 September 2017**

**Background**

Pacific Star Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), formerly known as LH Group Limited, was formed through a reverse takeover (“**RTO**”) of the entire issued share capital of PSD Singapore Pte. Ltd. (formerly known as Pacific Star Development Pte. Ltd.) (the “**Target**” and together with its subsidiaries, the “**Target Group**”). The RTO was completed on 15 February 2017 and the Company changed its name to Pacific Star Development Limited. Please refer to the Company’s Circular dated 30 December 2016 for further details of the RTO.

The Target Group is a Singapore-based property developer which is engaged in the business of property development. It is engaged in luxury mixed-use property developments in ASEAN countries, currently in Malaysia and Thailand.

**Consolidated Financial Statements**

Following the completion of the RTO (“**Completion**”), the legal subsidiary, the Target, is regarded as the accounting acquirer and the Company as the accounting acquiree, in accordance with the provision of Singapore Financial Reporting Standard (the “**FRS**”) 103: Business Combination. As such, the consolidated financial statements have been prepared and presented as a continuation of the Target Group.

Accordingly, the consolidated financial statements comprising the profit and loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the third quarter period ended 30 September 2017 have been presented as a continuation of the Target Group’s financial results and operations, in accordance with the following:

- 1) The assets and liabilities of the accounting acquirer, the Target Group, are recognised and measured in the consolidated statement financial position at their pre-acquisition carrying amount;
- 2) The assets and liabilities of the accounting acquiree, the Company, are recognised and measured in the consolidated balance sheet at their acquisition-date fair values;
- 3) The retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Target Group immediately before the RTO;
- 4) The amount recognised as issued equity interest in the consolidated financial statements of the Group is computed by adding to the issued equity of the Target Group immediately before the RTO. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination;
- 5) The comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Target Group; and
- 6) The consolidated statement of comprehensive income reflects the full 3 months results of the Target Group together with the post-acquisition results of the Company.

Following the Completion, the principal business of the Group is that of the Target Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103.

**Separate Financial Statements**

Reverse acquisition accounting applies only to the consolidated financial statements.

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income statement, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group					
	3 <sup>rd</sup> Quarter ended 30 Sept			9 Months Period ended 30 Sept		
	2017 S\$'000	2016 S\$'000	Changes %	2017 S\$'000	2016 S\$'000	Changes %
Revenue	20,265	16,079	26.0	53,180	41,875	27.0
Cost of sales	(10,223)	(7,707)	32.6	(27,498)	(21,252)	29.4
Gross profit	<u>10,042</u>	<u>8,372</u>	19.9	<u>25,682</u>	<u>20,623</u>	24.5
Other operating income	245	21	N.m.	3,061	327	836.1
Expenses:						
Marketing and Distribution	(180)	(881)	(79.6)	(1,846)	(1,810)	2.0
Operating and Administrative	(1,439)	(651)	121.0	(3,886)	(2,559)	51.9
Other operating	(227)	(320)	(29.1)	(891)	(235)	279.1
Finance	(601)	(370)	62.4	(1,453)	(1,116)	30.2
	<u>(2,447)</u>	<u>(2,222)</u>	10.1	<u>(8,076)</u>	<u>(5,720)</u>	41.2
Share of loss of equity-accounted investee	(341)	(65)	424.6	(1,060)	(731)	45.0
Profit before income tax <sup>1</sup>	<u>7,499</u>	<u>6,106</u>	22.8	<u>19,607</u>	<u>14,499</u>	35.2
Income tax expense	(2,138)	(1,638)	30.5	(5,078)	(4,027)	26.1
<b>Net profit for the financial period</b>	<b><u>5,361</u></b>	<b><u>4,468</u></b>	<b>20.0</b>	<b><u>14,529</u></b>	<b><u>10,472</u></b>	<b>38.7</b>
Net loss from discontinued operations	-	-		(2,982)	-	N.m.
<b>Net profit for the financial period</b>	<b><u>5,361</u></b>	<b><u>4,468</u></b>	<b>20.0</b>	<b><u>11,547</u></b>	<b><u>10,472</u></b>	<b>10.3</b>
Other comprehensive income/(loss), net of tax: Items that may be reclassified subsequently to profit or loss						
- Currency translation differences arising from consolidation	131	(250)	N.m.	(62)	(279)	(77.8)
<b>Total comprehensive profit for the financial period</b>	<b><u>5,492</u></b>	<b><u>4,218</u></b>	<b>30.2</b>	<b><u>11,485</u></b>	<b><u>10,193</u></b>	<b>12.7</b>
Net profit attributable to:						
Equity holders of the Company	2,158	2,053	5.1	3,964	4,514	(12.2)
Non-Controlling interest	3,203	2,415	32.6	7,583	5,958	27.3
	<u>5,361</u>	<u>4,468</u>	<b>20.0</b>	<u>11,547</u>	<u>10,472</u>	<b>10.3</b>
Total comprehensive income attributable to:						
Equity holders of the Company	2,289	1,964	16.5	4,079	4,035	1.1
Non-Controlling interest	3,203	2,254	42.1	7,406	6,158	20.3
	<u>5,492</u>	<u>4,218</u>	<b>30.2</b>	<u>11,485</u>	<u>10,193</u>	<b>12.7</b>

N.m: Not meaningful

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

Note 1

	3 <sup>rd</sup> Quarter ended 30 Sept		9 Months Period ended 30 Sept	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Profit before income tax has been arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	87	76	281	235
Foreign exchange (gain)/loss (net)	(42)	151	(188)	66
Gain on acquisition of subsidiaries (negative goodwill)	-	-	1,224	-
Gain on disposal of subsidiary	-	-	-	167
Legal and professional fee in relation to the RTO	-	-	234	-
Directors' fee	129	-	195	-
Loss on disposal of property, plant and equipment	-	-	14	-
Government grant	1	-	22	-
Interest expenses	601	370	1,453	1,116
Interest income	(134)	(21)	(272)	(143)
Reversal of provision of warranty	-	-	1,067	-
Reversal of write down of inventories	-	-	(78)	-

**1 (b) (i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year**

	The Group		The Company	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	9,689	6,412	1,336	10,474
Financial assets, at fair value through profit or loss	5	-	-	-
Trade receivables	16,749	5,559	1,815	725
Other receivables and other current assets	13,159	12,137	262	3,537
Inventories	693	-	-	-
Short-term deposits	501	-	501	-
Unbilled receivables	13,262	-	-	-
Deferred costs	2,669	2,997	-	-
Development property	130,602	103,137	-	-
	<u>187,329</u>	<u>130,242</u>	<u>3,914</u>	<u>14,736</u>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	171,588	-
Deferred costs	-	260	-	-
Property, plant and equipment	235	340	10	3
	<u>235</u>	<u>600</u>	<u>171,598</u>	<u>3</u>
<b>Total assets</b>	<b><u>187,564</u></b>	<b><u>130,842</u></b>	<b><u>175,512</u></b>	<b><u>14,739</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Deferred income	-	1,865	-	-
Trade payables	42,016	20,512	-	-
Other payables	11,685	14,986	12,912	2,283
Borrowings	15,802	4,152	-	-
Current tax liabilities	9,104	5,835	-	-
Advanced billings	1,793	-	-	-
Joint Venture	2,773	2,004	-	-
Associates	846	555	-	-
Provision for warranty	1,210	-	-	-
	<u>85,229</u>	<u>49,909</u>	<u>12,912</u>	<u>2,283</u>
<b>Non-current liabilities</b>				
Loans and borrowings	36,822	35,497	-	-
Loans from non-controlling interests	14,147	13,227	-	-
Deferred tax liabilities	2,252	1,807	-	-
	<u>53,221</u>	<u>50,531</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>138,450</u></b>	<b><u>100,440</u></b>	<b><u>12,912</u></b>	<b><u>2,283</u></b>
<b>NET ASSETS</b>	<b><u>49,114</u></b>	<b><u>30,402</u></b>	<b><u>162,600</u></b>	<b><u>12,456</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	25,301	17,738	195,642	48,196
Treasury shares	-	-	(513)	(513)
Reserves	5,367	1,689	(32,529)	(35,227)
	<u>30,668</u>	<u>19,427</u>	<u>162,600</u>	<u>12,456</u>
Non-controlling interest	18,446	10,975	-	-
<b>Total equity</b>	<b><u>49,114</u></b>	<b><u>30,402</u></b>	<b><u>162,600</u></b>	<b><u>12,456</u></b>

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

Amount repayable in one year or less, or on demand

As at 30 Sept 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
S\$15,802,000	-	S\$4,152,000	-

Amount repayable after one year

As at 30 Sept 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
S\$36,822,000	S\$14,147,000	S\$35,497,000	S\$13,227,000

**Details of any collateral**

The borrowings are secured as follows:

- short-term deposits of S\$501,000 (31 Dec 2016:Nil);
- legal mortgage on the Group's development property;
- assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of the Group's development property;
- and
- corporate guarantees from a subsidiary and a non-controlling interest.

**1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group			
	3 <sup>rd</sup> Quarter ended		9 Months Period ended	
	30 September		30 September	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash Flow from Operating Activities</b>				
Profit before income tax from continuing operations	7,499	6,106	19,607	14,499
Loss before income tax from discontinued operations	-	-	(2,982)	-
Adjustments for:				
Amortisation of deferred cost	382	433	1,316	1,194
Depreciation of property, plant and equipment	87	76	281	235
Loss on disposal of property, plant and equipment	-	-	14	-
Gain on disposals of subsidiaries	-	-	-	(167)
Loss on disposal of the vehicle sub-division	-	-	2,777	-
Interest expense	601	370	1,453	1,116
Interest income	(134)	(21)	(272)	(143)
Share of losses of equity-accounted investees	341	65	1,060	731
Gain on acquisition of subsidiaries (negative goodwill)	-	-	(1,224)	-
Unrealised foreign exchange (gain)/loss	(42)	151	(188)	66
Operating cash flow before working capital changes	<u>8,734</u>	<u>7,180</u>	<u>21,842</u>	<u>17,531</u>
Movement in working capital				
Changes in development property	(9,010)	(10,507)	(25,663)	(28,120)
Changes in inventories and construction contracts	(179)	-	(301)	-
Changes in deferred costs	(1,643)	(78)	(728)	(188)
Changes in deferred income	2,314	2,923	(14,725)	(505)
Changes in trade, other receivables and other current assets	(7,467)	(7,421)	(3,256)	(11,398)
Changes in trade, other payables and provision for warranty	<u>5,728</u>	<u>6,294</u>	<u>7,621</u>	<u>2,392</u>
Cash used in operations	(1,523)	(1,609)	(15,210)	(20,288)
Interest received	134	21	272	143
Interest paid	(1,238)	(724)	(2,075)	(1,941)
Income tax paid	(893)	(1)	(893)	(5)
Net cash used in operating activities	<u>(3,520)</u>	<u>(2,313)</u>	<u>(17,906)</u>	<u>(22,091)</u>
<b>Cash Flows from Investing Activities</b>				
Acquisition/disposal of subsidiaries	-	-	(8,474)	(22)
Additions to property, plant and equipment	(24)	-	(102)	(205)
Advances to a joint venture and associate (non-trade)	-	-	-	(934)
Proceeds from disposal of vehicle sub-division	-	-	350	-
Proceeds from disposal of plant and equipment	2	-	271	-
Net cash used in investing activities	<u>(22)</u>	<u>-</u>	<u>(7,955)</u>	<u>(1,161)</u>
<b>Cash Flows from Financing Activities</b>				
Advance from former holding company (non-trade)	-	2,666	3,420	4,207
Proceeds from bank borrowings	2,211	956	13,104	22,640
Repayment of finance lease liabilities	(15)	(14)	(41)	(40)
Movement in fixed deposits pledged with banks	276	-	4,585	-
Purchase of treasury shares	-	-	-	-
Proceeds from conditional placement of shares	-	-	8,521	-
Net cash generated from financing activities	<u>2,472</u>	<u>3,608</u>	<u>29,589</u>	<u>26,807</u>
Net (decrease)/increase in cash and cash equivalents	(1,070)	1,295	3,728	3,555
Effect of currency translation on cash and cash equivalents	(132)	(92)	(137)	(62)
Cash and cash equivalents at beginning of financial period	8,788	4,316	3,995	2,026
Cash and cash equivalents at end of financial period	<u>7,586</u>	<u>5,519</u>	<u>7,586</u>	<u>5,519</u>
<b>Cash and cash equivalents comprises:</b>				
Cash and bank balances	9,689	7,742	9,689	7,742
Less: Fixed deposits pledged	-	-	-	-
Less: Bank overdraft	(2,103)	(2,223)	(2,103)	(2,223)
<b>Cash and cash equivalents</b>	<u>7,586</u>	<u>5,519</u>	<u>7,586</u>	<u>5,519</u>

**1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to equity holders of the Company						
	Share capital <u>S\$'000</u>	Accumulated losses <u>S\$'000</u>	Capital reserves <u>S\$'000</u>	Currency translation reserve <u>S\$'000</u>	Total <u>S\$'000</u>	Non-controlling interest <u>S\$'000</u>	Total equity <u>S\$'000</u>
<b>The Group</b>							
Balance at 1 January 2017	17,738	(847)	3,029	(493)	19,427	10,975	30,402
Net profit for the financial period	-	1,806	-	-	1,806	4,380	6,186
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(16)	(16)	(177)	(193)
Total comprehensive income/(loss) for the financial period	-	1,806	-	(16)	1,790	4,203	5,993
Transaction with owners, recognised directly in equity:							
Issue of shares – Placement	8,521	-	-	-	8,521	-	8,521
Acquisition of subsidiaries arising from reverse acquisition	(958)	-	-	(3)	(961)	(3,412)	(4,373)
Disposal of subsidiaries	-	(374)	-	42	(332)	3,412	3,080
Total transactions with owners of the Company	7,563	(374)	-	39	7,228	-	7,228
Balance at 30 June 2017	25,301	585	3,029	(470)	28,445	15,178	43,623
Net profit for the financial period	-	2,158	-	-	2,158	3,203	5,361
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	65	65	65	130
Total comprehensive income for the financial period	-	2,158	-	65	2,223	3,268	5,491
Disposal of subsidiaries	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-
Balance at 30 September 2017	25,301	2,743	3,029	(405)	30,668	18,446	49,114

	Attributable to equity holders of the Company						
	Share capital S\$'000	Accumulated losses S\$'000	Capital reserves S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
Balance at 1 January 2016	16,820	(9,798)	3,029	102	10,153	2,662	12,815
Net profit for the financial period	-	2,461	-	-	2,461	3,543	6,004
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(390)	(390)	361	(29)
Total comprehensive (loss)/income for the financial period	-	2,461	-	(390)	2,071	3,904	5,975
Transaction with owners, recognised directly in equity:							
Purchase of treasury shares	918	-	-	2	920	-	920
Total transaction with owners of the Company	918	-	-	2	920	-	920
Balance at 30 June 2016	17,738	(7,337)	3,029	(286)	13,144	6,566	19,710
Net profit for the financial period	-	2,053	-	-	2,053	2,415	4,468
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(89)	(89)	(161)	(250)
Total comprehensive (loss)/income for the financial period	-	2,053	-	(89)	1,964	2,254	4,218
Transaction with owners, recognised directly in equity:							
Purchase of treasury shares	-	-	-	-	-	-	-
Total transaction with owners of the Company	-	-	-	-	-	-	-
Balance at 30 September 2016	17,738	(5,284)	3,029	(375)	15,108	8,820	23,928

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share options reserve S\$'000	Other reserves S\$'000	Total S\$'000
<b>The Company</b>						
Balance at 1 January 2017	48,196	(513)	(33,828)	71	(1,470)	12,456
Net profit for the financial period	-	-	1,110	-	-	1,110
Total comprehensive income for the period	-	-	1,110	-	-	1,110
Increase in share capital	147,446	-	-	-	-	147,446
Share issue expenses	-	-	-	-	(309)	(309)
Reversal of employee share options	-	-	13	(13)	-	-
Balance at 30 June 2017	195,642	(513)	(32,705)	58	(1,779)	160,703
Net profit for the financial period	-	-	1,897	-	-	1,897
Total comprehensive income for the period	-	-	1,897	-	-	1,897
Increase in share capital	-	-	-	-	-	-
Balance at 30 September 2017	195,642	(513)	(30,808)	58	(1,779)	162,600
Balance at 1 January 2016	48,196	(104)	(25,417)	194	(1,470)	21,399
Net profit for the financial period	-	-	184	-	-	184
Total comprehensive income for the period	-	-	184	-	-	184
Purchase of treasury shares	-	(366)	-	-	-	(366)
Balance at 30 June 2016	48,196	(470)	(25,233)	194	(1,470)	21,217
Net profit for the financial period	-	-	(491)	-	-	(491)
Total comprehensive income for the period	-	-	(491)	-	-	(491)
Purchase of treasury shares	-	(43)	-	-	-	(43)
Balance at 30 September 2016	48,196	(513)	(25,724)	194	(1,470)	20,683

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

(i) Share capital

	30/09/2017		30/06/2017		31/12/2016	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Issued and fully paid ordinary shares	502,336,278	195,642	502,336,278	195,642	15,782,926	48,196

There were no changes to the issued and paid-up capital of the Company during 3Q2017.

## (ii) Share capital excluding treasury shares

	Number of ordinary shares	S\$'000
At 1 January 2017	14,891,126	47,683
Issue of placement shares	11,037,500	8,830
Issue of consideration shares	132,500,000	133,838
At 31 March 2017	158,428,626	190,351
Issue of top-up shares in relation to the RTO	8,125,000	4,778
	166,553,626	195,129
Share split on the basis of every 1 share into 3 shares	499,660,878	195,129
As at 30 June and 30 September 2017	499,660,878	195,129

As at 30 September 2017, the Company held 2,675,400 treasury shares (after the share split on the basis of every 1 share into 3 shares). (30 September 2016: 891,800 treasury shares, before the share split).

## (iii) Share options

As at 30 September 2017, the unissued shares of the Company under option are as follows:

Date of grant of options	Exercise price before share split	Exercise price per share after share split	Balance as at 1/1/2017	Granted/ (Forfeited) on Completion	Balance at Completion after share split	Granted/ (Forfeited) after Completion	Balance as at 30/9/2017	Balance as at 30/9/2016	Exercise period
4.3.2014	S\$1.75	S\$0.583	126,400	(24,000)	307,200	(72,000)	235,200	126,400	3.3.15 to 2.3.19

The number of options lapsed during 3Q2017 amounted to 24,000 (72,000 after share split).

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

	Number of shares		
	30/09/2017	30/09/2016	31/12/2016
Total number of issued shares	502,336,278	15,782,926	15,782,926
Treasury shares	2,675,400	891,800	891,800
Total number of issued shares excluding treasury shares	499,660,878	14,891,126	14,891,126
% of treasury shares over total number of issued shares	0.5%	5.7%	5.7%

**1(d)(iv) A statement showing all sales transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company held 2,675,400 treasury shares (after share split on the basis of every 1 share into 3) as at 30 September 2017. There were no sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at as at the end of the current financial period reported on.**

Not applicable. The Company does not have subsidiary holdings.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

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

The accounting policies and methods of computation applied by the Group in the financial statements for the current reporting period are consistent with those applied in the Company's audited financial statements for the financial year ended 31 December 2016 except that the Group has early adopted **FRS 115 Revenue from Contracts with Customers**.

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

The early adoption of **FRS 115 Revenue from Contracts with Customers** for the Non-Property Division after the Completion did not have a significant impact on the financial performance or position of the Group.

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

	3 <sup>rd</sup> Quarter ended 30 September		9 Months ended 30 September	
	2017	2016	2017	2016
Profit per share for the period from continuing operations after deducting any provision for preference dividends (cents)				
(a) Based on weighted average number of ordinary shares in issue	0.43	1.31	1.59	2.93
(b) On a fully diluted basis*	0.43	1.31	1.59	2.93

	3 <sup>rd</sup> Quarter ended 30 September		9 Months ended 30 September	
	2017	2016	2017	2016
Loss per share for the period from discontinued operations after deducting any provision for preference dividends (cents)				
(a) Based on weighted average number of ordinary shares in issue	-	-	(0.68)	-
(b) On a fully diluted basis*	-	-	(0.68)	-

Profit per share for the financial period ended 30 September 2017 from continuing operations was computed based on the net profit attributable to equity holders of the Company for 3Q2017 of S\$2,158,000 (3Q2016: S\$2,053,000) and the net profit attributable to equity holders of the Company for 9M2017 of S\$6,946,000 (9M2016: S\$4,514,000) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as shown below.

Loss per share for the financial period ended 30 September 2017 from discontinued operations was based on the net loss attributable to equity holders for the Company for 3Q2017 is nil (3Q2016: nil) and the net loss attributable to equity holders of the Company for 9M2017 of S\$2,982,000 (9M2016: nil) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as follows:

	9 Months ended 30 September	
	2017	2016
Weighted average number of ordinary shares		
(a) Based on weighted average number of ordinary shares in issue; and	435,795,065	17,431,662
(b) On fully diluted basis*	435,795,065	17,431,662

\*The exercise price of the share options of the Company are above the quoted market price of the Company's shares for both periods and therefore the options are non-dilutive.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	The Group		The Company	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	6.14	12.38	32.56	83.65

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

The unaudited financial results of the Group for 3Q2017 and 9M2017 set out in this announcement include both the Non-Property Division and the Property Division upon the Completion, as compared to the unaudited financial results of the Group for 3Q2016 and 9M2016 prior to the RTO which includes only the Property Division.

**Statement of Comprehensive Income**

The Group's revenue has increased by S\$4.2 million or 26.0% from S\$16.1 million in 3Q2016 to S\$20.3 million in 3Q2017. The Group's cost of sales has increased by \$2.5 million or 32.6% from S\$7.7 million in 3Q2016 to S\$10.2 million in 3Q2017.

Revenue in 3Q2017 comprised mostly revenue recognised on sales from the Property Division's Puteri Cove Residences & Quayside project in Iskandar, Malaysia ("Puteri Cove Project") and S\$27,000 from the Non-Property Division.

The Group's other operating income for 9M2017 increased by S\$2.7 million from S\$0.3 million to S\$3.1 million and was mainly due to the gain on acquisition of subsidiaries (negative goodwill) for 9M2017 of S\$1.2 million and due to the reversal of provision of warranty of the Non-Property Division of S\$1.1 million.

The Group's marketing and distribution expenses decreased by S\$0.7 million or 79.6% from S\$0.9 million in 3Q2016 to S\$0.2 million in 3Q2017 was due to capitalisation of agent's commission as required by FRS 115.

The Group's operating and administrative expenses increased by S\$0.8 million or 121.2% to S\$1.5 million in 3Q2017 from S\$0.7 million in 3Q2016 mainly due to the inclusion of the Non-Property Division's operating and administrative expenses upon the Completion.

There was a share of losses from equity-accounted investee mainly due to recognition of losses in the Group's investment in Thailand where the revenue from the sales of property is recognised upon delivery of the property after development. The share of losses recognised is the Group's share of the operating costs charged to profit and loss for the period. The higher amount of losses shared was mainly due to increase in expenses in 2017 as the Group increases its marketing activities and project management activities with the appointment of the main contractor for the Posh Twelve Project in Thailand. The share of losses from equity-accounted investee was contributed mainly by the Property Division.

On 8 May 2017, the Group announced the disposal of its 51% shareholding in Autotrax International Pte Ltd ("**Autotrax**") which was previously reported in the Non-Property Division of the Group's result. The decision was consistent with the Group's strategy to focus on its core business and divest its vehicle business which had been performing poorly. Subsequently, the Group announced the completion of the disposal of Autotrax on 25 May 2017. Accordingly, following the disposal, the results of Autotrax and its wholly-owned subsidiary, Autovox Korea Co., Ltd., were classified as 'Discontinued Operations' in 3Q2017 and 9M2017.

The Group recorded a net profit after tax of S\$5.4 million in 3Q2017 compared to S\$4.5 million in 3Q2016 mainly due to the inclusion of the net loss after tax of the Non-Property Division upon the Completion. The net loss after tax of Non-Property Division is mainly a result of the loss on the disposal of the vehicle sub-division of approximately S\$2.8 million arising mainly from the waiver of the receivables and the non-controlling interest of the vehicle sub-division.

## **Statement of Financial Position**

The current assets of the Group increased by S\$57.1 million to S\$187.3 million as at 30 September 2017 from S\$130.2 million as at 31 December 2016. The increase was mainly due to the inclusion of the current assets of the Non-Property Division of S\$11.3 million upon the Completion and the increase in current assets of the Property Division of approximately S\$45.8 million. The current assets of the Non-Property Division as at 30 September 2017 include: (i) trade and other receivables of \$6.4 million, (ii) unbilled receivables of S\$0.3 million, (iii) inventories of S\$0.7 million and (iv) cash and bank balances of S\$3.9 million.

The increase in current assets of the Property Division of approximately S\$45.8 million was mainly due to the following: (i) increase in the Property Division's unbilled receivables of S\$8.3 million, which is currently pending Architect certification for billing to buyers, (ii) net increase in development cost incurred during 9M2017 of S\$30.0 million from increase in billing of costs from contractors as we are nearing the completion of Phase 1 of the Puteri Cove Project, which has been offset by the costs recognised in the income statement during 9M2017 of S\$15.7 million, and (iii) an increase in the trade receivables of the Property Division by S\$6.4 million to S\$12.0 million as at 30 September 2017 from S\$5.6 million as at 31 December 2016. The increase in trade receivables of the Property Division was due to an increase in the certified billings to buyers for the stage of billing achieved in 3Q2017.

The non-current liabilities of the Group increased by S\$2.7 million to S\$53.2 million as at 30 September 2017 from S\$50.5 million as at 31 December 2016. The increase was mainly due to Property Division's further drawn-down from bridging and fixed loans and additional unwinding of implicit interest component of loans from non-controlling interests. This has been offset by repayments made during 3Q2017.

The current liabilities of the Group increased by S\$35.3 million to S\$85.2 million as at 30 September 2017 from S\$49.9 million as at 31 December 2016 mainly due to the inclusion of the current liabilities of the Non-Property Division of approximately S\$6.3 million upon the Completion and increase of current liabilities of Property Division of S\$29.0 million. The current liabilities of the Non-Property Division comprised (i) trade and other payables of approximately S\$3.3 million, (ii) advanced billings of S\$1.8 million and (iii) provision of warranty of S\$1.2 million. The increase in current liabilities of the Property Division was mainly due to higher progress claims raised by the main contractor as well as additional current tax liabilities during the 3Q2017.

## **Cash Flow Statement**

The Group's 9M2017 net cash used in operating activities decreased by S\$4.2 million, which arose mainly due to lower working capital and cash used in operating of S\$5.3 million offset by higher tax payment of S\$0.9 million. The Group's operating cash flow before working capital changes for 9M2017 also increased by S\$4.3 million as compared to 9M2016, mainly due to loss of disposal of the vehicle sub-division of S\$2.8 million in 9M2017, offset by a gain on acquisition of subsidiaries (negative goodwill) of S\$1.2 million in 9M2017.

The Group's increase in cash used in investing activities in 9M2017 was mainly due to the cash consideration of S\$16.0 million paid in relation to the RTO, offset by the cash and cash equivalents acquired through the RTO of S\$7.5 million.

The Group's increase in cash generated from financing activities for 9M2017 by S\$2.8 million to S\$30.0 million mainly due to (i) the net proceeds from the conditional placement of shares of approximately S\$8.5 million, (ii) withdrawal of the fixed deposits of S\$4.6 million to pay for the cash consideration upon the Completion offset by lower drawdown of loan from former holding company of S\$0.8 million and lower drawdown of bank loan of S\$9.5 million for the payment for the construction of Puteri Cove Residences & Quayside Project in Malaysia.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

After the Completion, the Group now comprises of the Property Division and the Non-Property Division.

#### **Property Division**

The Property Division will seek to continue to tap on its network of relationships with leading real estate players and investors throughout ASEAN to expand its business.

In Iskandar Puteri, the Group has observed that demand for new property development projects to gradually trend upwards, due to, amongst others, increased demand for high-quality housing, the construction of the upcoming Kuala Lumpur-Singapore high speed rail and Johor Bahru-Singapore Rapid Transit System. This would be subject to market conditions in the property development industry, as well as the economic performance of Iskandar Malaysia.

In Bangkok, Thailand, the Group has observed that condominiums near mass rapid transit stations continue to attract buyers, resulting in higher pre-sale absorption rates in these projects relative to those projects located further from a mass rapid transit station. The expected construction of new mass rapid transit routes could generate significant turnover in the land sales market, leading to higher land prices resulting in increasing condominium prices across the market.

On 26 September 2017, the Company signed a non-binding Memorandum of Understanding with PT Kukuh Mandiri Lestari to jointly develop mixed-use of high rise developments on 10 hectares of prime sea-front land in Pantai Indah Kapuk 2 in Jakarta, Indonesia. The Group is exploring opportunities in the Indonesian property market.

On 31 October 2017, the Company entered into a strategic partnership via a framework agreement with Damac International Limited, a property developer in the Middle East, to develop luxury properties in key cities across Southeast Asia over the next five years.

#### Non-Property Division

The industry in which the Aluminum Division operates is closely correlated to the overall conditions of the building construction industry. As the building construction industry slows down, the operating environment for the Aluminum Division is expected to remain challenging because of keen competition.

On 8 May 2017, the Company entered into a sale and purchase agreement to dispose all of its 51% shareholding in Autotrax. The disposal was completed on 25 May 2017 and the vehicle sub-division ceased to be a sub-division of the Group. Accordingly, the Non-Property Division of the Group now consists solely of the Aluminum sub-division.

### **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.**

Not applicable.

### **13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There was no interested person transaction conducted under the shareholders' mandate obtained at the annual general meeting of the Company held on 27 April 2017 pursuant to Rule 920 for the financial period ended 30 September 2017.

**PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 and Half Year Results)**

**14 Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

**15 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual**

I, Glen Chan, being a director of Pacific Star Development Limited (the “**Company**”), do hereby confirm on behalf of the directors of the Company, that, to the best of my knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Company and of the Group for the third quarter and nine months ended 30 September 2017 to be materially false or misleading.

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

**Glen Chan  
CEO and Managing Director**

**Singapore, 9 November 2017**

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Sebastian Jones, SAC Capital Private Limited at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. Telephone number: +65 6532 3829.